

ANNUAL REPORT



SAMPOERNA KAYOE

SUSTAINABLE TOMORROW STARTS TODAY

2023

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SAMPOERNA KAYOE

COMPANY BACKGROUND

Samko Timber Limited (the “Company” or “Samko” or “Samko Timber”) and its subsidiaries (the “Group” or “Sampoerna Kayoe”) is Indonesia’s leading vertically intergrated wood resource processor. Samko operates six timber processing plants, eleven satelite veneer plants, and a chemical glue facility spread across Java, Sumatra, and Sulawesi with an annual production capacity of +/- 600,000m³.

With unrelenting focus on excellence at every stage of its supply chain, the Group has garnered international environmental accreditations as a testament of its long term commitment to quality and sustainability. The Research and Development department is tasked with ongoing process improvement, wood maximization and product innovation, setting the stage for value creation and growth.

With more than 40 years of experience and industry knowledge condensed into its primary and secondary processed timber products, the Group’s products are found in residential, commercial and industrial applications in the form of plywood, wood-decking, wood-doors, wood-flooring, piano and truck parts. The Group’s products enjoy a dominant market share in Indonesia, and are distributed in 43 countries across the world, including the Asia Pacific region, Europe, the Middle East, the South East Asia, Australia and the United States of America.

CHAIRMAN STATEMENT

DEAR SHAREHOLDERS

Overview of the Year

The beginning of 2023 was marked by a sense of widespread optimism. After three long years, China announced an end to its zero-Covid policy in January 2023, welcoming travelers from across the globe. The stringent zero-Covid measures imposed in China, though shielding the nation from the virus, have brought along the unwanted consequences of social isolation and vast economic slowdown. China had suffered its lowest growth in nearly half a century. Thus, the re-opening of the Chinese borders was a much-awaited moment, and was expected to reinvigorate the economy. However, the rising interest rates and the war in Ukraine continued to weigh on economic activity. The International Monetary Fund (IMF) announced an economic growth of 3.0% in 2023, a decline from 3.4% in 2022.

Despite the moderate global overview, economic growth in Indonesia remains solid. Overall, robust economic growth was recorded in 2023, with a growth in gross domestic product (“GDP”) by 5.05%, surpassing the pre-pandemic level of 5% annual GDP expansion. The Indonesian economy ended the year strongly, as growth accelerated in the fourth quarter. Household consumption grew 4.47% year-on-year (“yoy”) mainly contributed by the festivities of Christmas and New Year, as well as growing consumer confidence. Investment expanded 5.02% yoy, driven by the ongoing vast infrastructure development and capital investment. Correspondingly, the unemployment rate in Indonesia continues its downward trend from 5.86% in 2022 to 5.32% in 2023.

Indonesia has shown rapid signs of recovery after the COVID-19 pandemic. However, in spite of the overall sense of optimism, the Government maintains a state of vigilance, taking into account several global factors which would affect economic growth such as the high global inflation, the lackluster global economy and commodity price volatility.

*“Despite the moderate
global overview,
economic growth in
Indonesia remains solid.”*



Looking Ahead

The healthy economic growth in Indonesia is expected to persist. In 2024, Bank Indonesia projects economic growth in the 4.7 – 5.5% range, supported by strong domestic demand and an increase in investment, given the ongoing national strategic projects (PSN), including the development of the new capital city, Ibu Kota Nusantara (IKN). Bank Indonesia will continue to strengthen macroprudential policy, in synergy with government fiscal stimuli to nurture economic growth, especially in domestic demand. Inflation is expected to remain at the level of 3+/- 1%.

The Group is excited to announce the commencement of wood pellet operations in Mangole, as well as the upcoming start-up of its plywood operations. Given the vast area of timber plantation within close proximity to the production facility, the operations in Mangole offer an added dimension of stability in terms of the overall supply chain. This will place the Group in a strong position to revive our business performance.

The Group remains committed to engaging, assisting, and maintaining smallholder farmers through the FSC standards to shape the future of responsible forestry. Currently, 1,348 farmers have successfully received FSC Small and Low-Intensity Managed Forest (SLIMF) certification, with SAMKO currently managing a total of 60 community forest farmers under its forestry program in Jambi province and Jombang regency. The Company will continue to expand its sustainability mission at both the national and global scale. The Group is honoured to be invited as key speaker in COP 28 held in Dubai, UAE (November 30 – December 12, 2023), to share our sustainability initiatives and commitment.

APPRECIATION

I would also like to express our appreciation to our shareholders, staffs, business partners and customers for their dedication and unwavering support.

Eka Dharmajanto Kasih
Non-Executive Chairman

CEO STATEMENT

DEAR SHAREHOLDERS

I am pleased to present the annual report of Samko Timber Limited for the financial year ended 31 December 2023 (“**FY2023**”). Year 2023 was a challenging year for the Group. Nonetheless, in my eighth year as the Chief Executive Officer, with the support of the Board and a steadfast team, I am proud to lead the group in navigating through these challenging times, and paving the way towards our recovery and strengthening.

FINANCIAL REVIEW

For FY2023, the Group’s sales decreased 38% year-on-year (“**yoY**”) to Rp 2.2 trillion. The decrease in sales revenue was largely driven by weak demand in export markets, especially in the US, brought about by the downturn in the housing and recreational vehicle market. Sales in South-east Asia also showed a significant decline, as the Group re-allocated the volume to new geographical market eg. Middle East, in order to gain more favorable sales price. The Group continues to take prompt actions to expand our presence in other markets and to diversify our product portfolio.

OPERATIONAL REVIEW

Despite the challenges and unpredictability of the business climate, Year 2023 brought along the timely execution of several key milestones. As scheduled, the operations in Mangole factory have commenced in Q3 2023, starting with the wood pellet production, thus, marking the Group’s pioneering venture in the biomass sector. Aside from the successful commissioning of the production facility, the Group has successfully attained international sustainable forest management certifications in our timber plantation in North Maluku, namely the Programme for the Endorsement of Forest Certification (PEFC), Timber Legality Assurance System (SVLK) and several ground assessments, such as High Conservation Value (HCV), Social Impact Assessment (SIA) and High Carbon Stock (HCS) for areas in and around the concession area. Given the high standard of product quality, and these sustainability accomplishments, the Group is well-positioned to accelerate our entrance into the global biomass market. The Group continues to make great strides towards the commissioning of the plywood production facility in Mangole factory, scheduled to begin operations in Q2 2024.

The Group has identified the development of wood pellet operations as a strategic initiative, which would enable the effective utilization of wood waste and optimization of productivity. Thus, following the successful commencement of Mangole wood pellet operations, the Group has embarked on the development of wood pellet operations in Java, scheduled to begin operations in Q4 2024.

“It has always been the Group’s vision to champion a sustainable future for all.”

Samko remains committed to engaging, assisting, and maintaining smallholder farmers through FSC standards to shape the future of responsible forestry. The Group is expanding support to smallholder farmers to build a wider family of suppliers whose raw materials are FSC-certified. To date, 1,348 farmers have successfully received FSC Small and Low-Intensity Managed Forest (SLIMF) certification, with SAMKO currently managing a total of 60 community forest farmers under its forestry program in Jambi province and Jombang regency. The Company will continue to expand its sustainability mission at both national and global scale. COP 28 emerged as a pivotal moment in Dubai, UAE (November 30 – December 12, 2023) that connects the threads of global climate action. In 2023, SAMKO is honored to have the opportunity to take part as a key speaker in addressing the Group’s actions and continued commitment.

2024 OUTLOOK

In spite of the challenges and uncertainty, the Indonesian economy remains resilient. Carrying on the positive momentum from Q4 2023, Bank Indonesia forecasts economic growth to increase by 4.7 – 5.5% in 2024. This growth is largely to be driven by the improvement in export performance in line with global economic growth, as well as an increase in domestic demand. The positive impact of the general election and the increase in building investment places Indonesia in a strong position in 2024. Bank Indonesia will continue to strengthen its policy mix, through the implementation of macroprudential policy, coupled with the fiscal stimuli by the Government to accelerate economic growth, particularly in the domestic demand.

APPRECIATION


It has always been the Group’s vision to champion a sustainable future for all. Therefore, every year, the Group continuously channels all its efforts into the development of a strong business and operating model, enabling us to continuously expand our processing capacity while maintaining sustainability in production. We would like to extend our appreciation to all our business partners, customers and shareholders who have been accompanying us on our journey throughout the years.

I would like to extend my gratitude to our Board members for guiding the Group dutifully with their valuable foresight and knowledge.

Last but not least, I would like to take this opportunity to thank our management team and staff for their dedication and contribution to the Group.

Riko Setyabudhy Handoko

Executive Director and Chief Executive Officer



Harmony in Design:
Bridging ***Innovation*** and Nature through
Our ***Sustainable Wood Products***



location : Studio ATELIER RIRI - Bintaro

MILESTONE

1978

Mr Koh Boon Hong (Hasan Sunarko), Founder of Samko, started business activities in plywood and veneer production.

1989

Acquisition of PT PUPP (PT Panca Usaha Palopo Plywood) shares (processing facilities in Palopo - Sulawesi).

1993

Acquisition of PT PSUT (PT Putra Sumber Usaha Timber) shares (processing facilities in Jambi - Sumatera).

1999

Establishment of PT SGS (PT Sumber Graha Sejahtera) (processing facilities in Tangerang - Banten/Jawa Barat).

2002

Acquisition of PT SLJ Global Tbk (PT Sumalindo Lestari Jaya Tbk) shares.

2004

Establishment of PT SUB (PT Sejahtera Usaha Bersama).

2005

Establishment of Samko Timber Limited (Holding Company in Singapore).

2006

Samko Timber Limited takes over PT SGS (PT Sumber Graha Sejahtera) shares, the holding company in Indonesia. Sampoerna Forestry Limited acquired 42.6% of Samko Timber Limited shares.

2008

Listing of Samko Timber Limited shares in SGX - Singapore (IPO).

2009

Establishment of Samko Trading Pte. Ltd. (Distribution Company in Singapore).

2010

Completion of the First Rights Issue of Samko Timber Limited. Deconsolidation of PT SLJ Global Tbk ("SLJ") through a dilution of out 51.62% shareholding to 31%. SLJ was in a less favorable financial condition and the deconsolidation strengthens Samko's financial position.

2011

Establishment of Samkood Products Sdn. Bhd. (Distribution Company in Malaysia). Commencement of the development of our own industrial forest plantation in Jambi to sustain our future needs for raw material. Announcement of the proposed acquisition of Bioforest Pte. Ltd. from Temasek Life Sciences. Bioforest Pte. Ltd. is a biotechnology company that focuses on the research and development of high-performance tree species for our plantations. Establishment of Samko USA LLC (Distribution Company in the USA).

2012

Completion of the 100% acquisition of Bioforest Pte. Ltd. Completion of the 65% acquisition of PT Cipta Graha Kreasindo ("CGK"). CGK will on behalf of Samko provide construction and installation services for our products and also provides Samko with faster access to the housing market.

2013

Strengthening the capital structure of Samko Trading Pte. Ltd. by way of debt to equity conversion by Samko.

2014

Securing the license and approval from the Minister of Forestry of the Republic of Indonesia for a concession of industrial timber plantation (HTI Forestry License) at Central Bangka.

2015

Establishment of PT Nusantara Mitra Sejahtera, a joint venture company between Samko Trading Pte. Ltd. and a partner from Japan for Wood Truck Body production.

2016

Appointment of Mr Riko Setyabudhy Handoko, as the new CEO of Samko Timber Limited. Completion of Second Rights Issue of Samko Timber Limited. In this rights issue exercise, Sampoerna Forestry Limited subscribed for certain number of new shares issued by Samko Timber Limited and subsequently became the holder of approximately 64% of shares of Samko Timber Limited. Disposal of all shares of PT SLJ Global Tbk (PT Sumalindo Lestari Jaya Tbk).

2017

Completion of reorganization of the Group, including the merger of PT SGS (PT Sumber Graha Sejahtera), a direct subsidiary of the company, and its 13 subsidiaries, whereby PT SGS became the surviving company. Disposal of one factory of PT SGS (PT Sumber Graha Sejahtera) (processing facilities in Tangerang - Banten). Launch of our new brand, "Sampoerna Kayoe".

2018

Completion of the second phase of reorganization of the Group, i.e. merger of PT SGS (PT Sumber Graha Sejahtera) a direct subsidiary of the company and its 2 subsidiaries, whereby PT SGS became the surviving company. New brand launch, "Sampoerna Kayoe" with the campaign theme "Unlimit Possibilities" and "Sustainability".

2019

Samko Timber Limited, through its wholly-owned subsidiary, PT Sempurna Graha Abadi, has entered into an agreement with PT Barito Wanabinar Indonesia and PT Sumber Graha Maluku to subscribe 51% of shares in PT Sumber Graha Maluku (and its subsidiaries), a group of companies engaging in the business of industrial forest plantations and plywood factories, which holds the forestry concession rights to approximately 59,138 hectares in Maluku Utara Province, Indonesia.

2020

The establishment of the Environmental and Sustainability Development Division focused on long-term environmental and social programs across the Group's supply chain and operations. Launch of the Sustainable Forest Management Certification Program. Creating partnerships with smallholder farmers in Java and Sumatra to aid them in obtaining Forest Stewardship Council (FSC) and Low-Intensity Forest Management (SLIME) certification.

2021

PT Sumber Graha Maluku (and its subsidiaries) have started the construction of the plywood factory buildings and infrastructures, to become a fully integrated plywood production facility collated in North Maluku Province, which encompasses the forest concessions and the manufacturing plant.

2022

The Group was invited as keynote speaker in the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27) held in Sharm El-Sheikh, Egypt.

2023

The entering of joint venture between investor and the Company for performing the Java Wood Pellet Project.

2024

Completion of Third Rights Issue of Samko Timber Limited. In this rights issue exercise, Sampoerna Forestry Limited subscribed for certain number of new shares issued by Samko Timber Limited and subsequently become the holder of approximately 81.91% of shares of Samko Timber Limited.

*Unlocking the Path to Sustainability:
Opening Doors to a Greener Tomorrow*

Step into a world where sustainability meets urban sophistication, as our innovative wood products redefine public spaces with unparalleled architectural grace.

Witness the transformative power of eco-conscious design, elevating urban landscapes into harmonious and inviting environments.

Elevating Public Spaces:
Our Sustainable Wood Products
Transforming Urban Landscapes ***with***
Architectural Grace

location : ECO WISATA KUNCEN POLOBOGO - SEMARANG

Experience the synergy of nature and modernity in every structure, marking a new era where sustainable materials shape the aesthetic and environmental future of our cities.



BOARD OF DIRECTORS

Mr Eka Dharmajanto Kasih

Non-Independent and Non-Executive Chairman

Aged 73, Mr Eka Dharmajanto Kasih has served on the board since April 2006. Before joining the Group, he was a commissioner and a director of PT H.M. Sampoerna Tbk, and also a director of Sampoerna International Finance Company, BV., and Sampoerna International Pte Ltd. Mr. Kasih holds a bachelor's degree in economics from the University of Indonesia.

Mr Riko Setyabudhy Handoko

Executive Director and Chief Executive Officer

Aged 50, Mr Riko Setyabudhy Handoko has served on the board since June 2016. He holds a master of business administration from INSEAD, France, and Singapore and a bachelor of economics from Trisakti University, Indonesia. Before joining the Group, Mr. Handoko worked for Kimberly Clark Corporation in Asia Pacific from 2009. He held several positions with them such as group general manager in Asia and managing director for China and India for Kimberly Clark Professional, and managing director in Taiwan for Kimberly Clark International. Before that, Mr. Handoko also worked for Asia Pulp and Paper ("APP") and served as global tissue BU director. In that role, he led APP's consumer and professional tissue business from 2003 to 2008.

Date of first appointment as a director:

26 April 2006

Date of the last re-election as a director:

29 April 2023

Present directorship:

Other Listed Companies

PT Sampoerna Agro Tbk

President Commissioner

PT Apexindo Pratama Tbk

Commissioner

Other Principal Commitments:

MK 3 Investment Pte Ltd

Chairman

Templeton Pte Ltd

Non-Executive Director

PT Union Sampoerna

Commissioner

Sampoerna Forestry Limited

Director

PT Sampoerna Strategic

Commissioner

PT Sampoerna Investama

Director

Past directorships in listed companies held over the preceding three years:

Nil

Date of first appointment as director:

27 June 2016

Date of the last re-election as director:

29 April 2022

Present directorship:

Other Listed Companies

Nil

Other principal commitments:

Nil

Past directorships in listed companies held over the preceding three years:

Nil

Mr Michael Joseph Sampoerna

Non-Independent and Non-Executive Director

Aged 45, Mr Michael Joseph Sampoerna has served on the board since August 2007. He possesses extensive board and management experience, having previously served on the board of various local and overseas companies, including as president director of PT H. M. Sampoerna Tbk. Mr. Sampoerna studied at Millfield school in Somerset, England, then attended the London school of economics focusing on business and finance.

Mr Ng Cher Yan

Independent and Non-Executive Director

Aged 65, Mr Ng Cher Yan was appointed to the board in December 2007. He started his career with an international accounting firm and is currently practicing as a chartered accountant at PLUS LLP. Mr. Ng holds directorships in several companies listed on the Singapore Exchange Trading Securities Limited. Mr Ng holds a bachelor of accountancy from the National University of Singapore and is also qualified as a Chartered Accountant Australia and New Zealand. Mr. Ng is a fellow member of the institute of chartered accountants in Singapore and a member of Chartered Accountants in Australia and New Zealand.

Date of first appointment as a director:

30 August 2007

Date of the last re-election as a director:

29 April 2023

Present directorship:***Other Listed Companies***

Nil

Other principal commitments:

Putera Sampoerna Foundation

Member of the board of patrons

Past directorships in listed companies held over the preceding three years:

Nil

Date of first appointment as a director:

14 December 2007

Date of the last re-election as a director:

29 April 2022

Present directorship:***Other Listed Companies***

Vicplas International Ltd

Independent director

MoneyMax Financial Services Ltd

Independent Director

Serial System Ltd

*Independent director****Other principal commitments:***

PLUS LLP

*Partner****Past directorships in listed companies held over the preceding three years:***

Bull Will Co. Ltd.

Non-Executive Director

Mr Sim Idrus Munandar

Independent and Non-Executive Director

Aged 69, Mr Sim Idrus Munandar was appointed to the board in December 2007. Before 2005, he was President Director of PT Bina Danatma Finance Tbk, a publicly listed company in Indonesia engaged in the financing business. Mr. Sim holds a bachelor's degree in economics from the University of Indonesia and had been a lecturer at the Sekolah Tinggi Ekoknemi (STIE) Jakarta from 1981 to 2004.

Mr Ito Sumardi

Independent and Non-Executive Director

Aged 70, Mr Ito Sumardi was appointed to the board in April 2021. Mr. Sumardi has extensive experience both in the corporate/private sector, and military/governmental sector. Before joining the Group, he served as president commissioner in several private and public companies in Indonesia (2019-now), as well as the ambassador of LBBP for the republic of Indonesia in Myanmar (2014- 2019). Mr. Sumardi also spent more than 30 years in police/military services (1978-2011), with the latest position as head of the criminal detective division of the national police (Mabes).

He holds among others the following degrees:

- Doctoral/Ph.D. degree of law from Pajajaran University, Bandung - 2008
- Master's degree of law from Pajajaran University, Bandung - 2005
- Master's degree of human resources management from Bramshill college, UK - 1998
- Master's degree of business administration of Institut Pengembangan Wiraswasta Indonesia, Jakarta - 1997
- A bachelor degree of the law of Islam

Date of first appointment as a director:

14 December 2007

Date of the last re-election as a director:

30 April 2021

Present directorship:***Other Listed Companies***

Kencana Agri Limited

Independent director

PT Kencana Energi Lestari Tbk

Independent commissioner

PT Wintermas Offshore Marine Tbk

*Independent Commissioner****Other principal commitments:***

Nil

Past directorships in listed companies held over the preceding three years:

Nil

Date of first appointment as a director:

1 April 2021

Date of the last re-election as a director:

29 April 2023

Present directorship:***Other Listed Companies***

PT FKS Food Sejahtera Tbk

Independent commissioner

PT Japfa Comfeed Tbk

*Independent commissioner****Other principal commitments:***

PT Paramount Land

*President commissioner****Past directorships in listed companies held over the preceding three years:***

Nil

Mr Hadi Daryanto

Independent and Non-Executive Director

Aged 67, Mr Hadi Daryanto has been appointed to the board from 1 April 2021. He has extensive education in Faculty of Forestry at Bogor Agriculture University (1977-1981) and then obtained Doctor Ingenieur in Wood Science at Institute National Polytechnique de Lorraine (I.N.P.L), Nancy, France 1983-1988. Before joining the group, he held various positions, among others:

1. Secretary and then became Director General of Forest Utilization now known as Sustainable Production Forest Management (2007-2010),
2. Secretary General of Forestry Ministry (2010-2015),
3. Director General of Social Forestry and Partnership at Environment and Forestry Ministry (2015-2017),
4. Senior Advisor to Minister of Environment and Forestry (2017-2018) and
5. Special Staff to Minister of Trade Republic Indonesia (since to 2022 until now).

In addition, he also spends significant time as: Member of Board of Trustee The Center for People and Forest (RECOFTC) in Bangkok (2016-2020), Chairman of Board of Commissioner State Own Enterprise (S.O.E) Perum Perhutani (2009-2015), and Member of Commissioner S.O.E PT. Semen Baturaja Tbk (Public Company) (since 2022).

Date of first appointment as a director:

1 April 2021

Date of the last re-election as a director:

29 April 2022

Present directorship:***Other Listed Companies***

PT Semen Baturaja Tbk

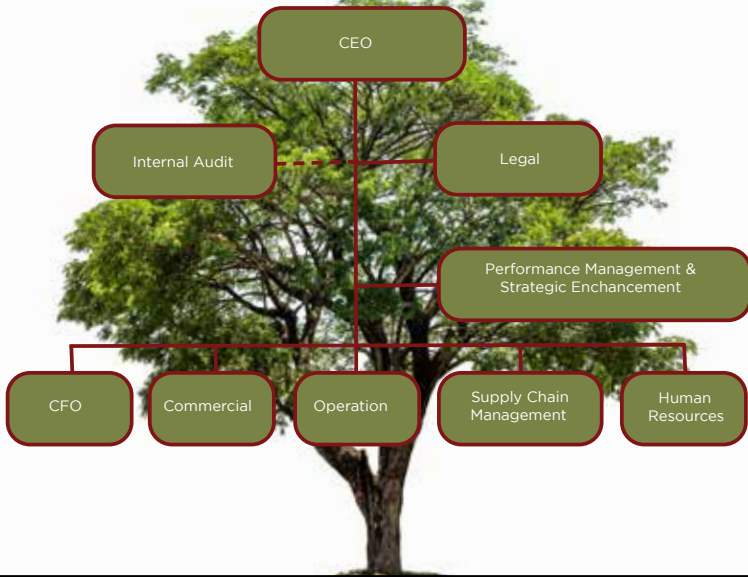
*Commissioner****Other principal commitments:***

Nil

Past directorships in listed companies held over the preceding three years:

Nil

SENIOR MANAGEMENT & ORGANIZATION



Under the Senior Management Organization Structure, the Group will be led by CEO (i.e. Mr Riko Setyabudhy Handoko), who will get direct reporting from ten Senior Managers, namely:

- Chief Financial Officer and Head of Finance & Accounting Division
Mr. Johannes Ibrahim Tjendana
- Head of International Commercial Division
Mr. Edward Tombokan
- Head of Domestic Commercial Division
Mr. Marcellus Agha
- Head of Operations
Mr. Faisal
- Head of Supply Chain Management Division
Mr. Andrew Wardoyo
- Head of Human Resources Division
Mr. Fredson Kotamena
- Head of Internal Audit Division
Mr. Hendry Susanto
- Head of Legal and Corporate Affairs Division
Mr. Arief Zakaria
- Head of Performance Management & Strategic Enhancement Division
Mr. Alvin Puspowidjono

Mr Riko Setyabudhy Handoko is the executive director and chief executive officer of Samko Timber Limited. He joined the Group in 2016. Before joining the Group, Mr. Handoko worked for Kimberly Clark Corporation in Asia from 2009. He held several positions with Kimberly Clark Corporation such as group general manager in Asia and managing director for China and India for Kimberly Clark Professional, and managing director Taiwan for Kimberly Clark International. Before that, Mr. Handoko also worked for Asia Pulp and

Paper (“**APP**”) and served as global tissue BU director. In that role, he led APP’s consumer and professional tissue businesses from 2003 to 2008. Mr. Handoko graduated from Trisakti University Jakarta with a bachelor’s degree in economics and accounting. He also received his master of business administration from INSEAD in 2002.

Mr Johannes Ibrahim Tjendana joined the Group in 2018. He holds a Bachelor of Accounting degree from Trisakti University Jakarta in 1995. He started his career as an auditor in Arthur Andersen/Prasetio Utomo & Co. until 1998. Mr. Johannes possesses 20 years of experience at the senior management level in various palm oil companies. Previously served at PT SMART Tbk (2004-2014) with the last position as vice president of finance and accounting and before joining the Group, Mr. Johannes was finance director in Kencana Group.

Mr Marcellus Agha joined the Group in 2015. He has very broad experiences both in local and export market sales, including his experiences in acting as the Head of International Sales and Marketing for South East Asia, Europe, and USA as well as Head Domestic Sales of the Group. Before joining the Group, Mr. Agha spent nine years in the Fast-Moving Consumer Goods industry and held various positions across sales and marketing divisions, where his early career was with PT Nutrifood Indonesia. He graduated with satisfactory for his Master of Business Administration from School of Business and Management of the Institute of Technology Bandung, Indonesia.

Mr Andrew Wardoyo has been with the Group since November 2019. He earned a Master of Engineering from the University of Toronto in 2009. Before joining the Group, Mr. Wardoyo served as a chief executive officer of The Door Store of America Inc. The Door Store is a subsidiary company of one of the oldest wooden door manufacturers in Asia. Previously, Mr. Wardoyo served as the chief operations officer at PT Dian Bahari Sejati for 4 years. PT Dian Sejati owns, manages, and operates offshore support vessels. His career also allowed him to serve as floating crane operations manager at PT Mitra Bahtera Segara Sejati Tbk (MBSS), a publicly listed company focused on coal logistics and transshipment services. Mr. Wardoyo possesses management experience focusing largely on ensuring operational excellence, logistics, and supply chain compliance and efficiency across various industries.

Mr Fredson Kotamena joined the Group in 2012 and is responsible for the human resources division. He holds a Bachelor of Marine Engineering degree from Pattimura University, and a Master of Education degree from Pelita Harapan University, Indonesia. He is an HR professional specializing in organizational development, people development & talent management with extensive work experience in the manufacturing and consumer distribution business sector at Orang Tua Group, and the natural resources industry business sector such as pulp & paper, palm oil plantations, and EPC, as well as airplane and shipping management business sector, at Royal Golden Eagle International.

Mr Hendry Susanto joined the Group in 2016 and is the head of the internal audit division. Before joining the Group, he was a department head of internal audit at PT Sampoerna Strategic from 2011. Before that, he had worked at PT Siemens Indonesia and KPMG. He holds a Bachelor in Accounting from Gadjah Mada University, Indonesia.

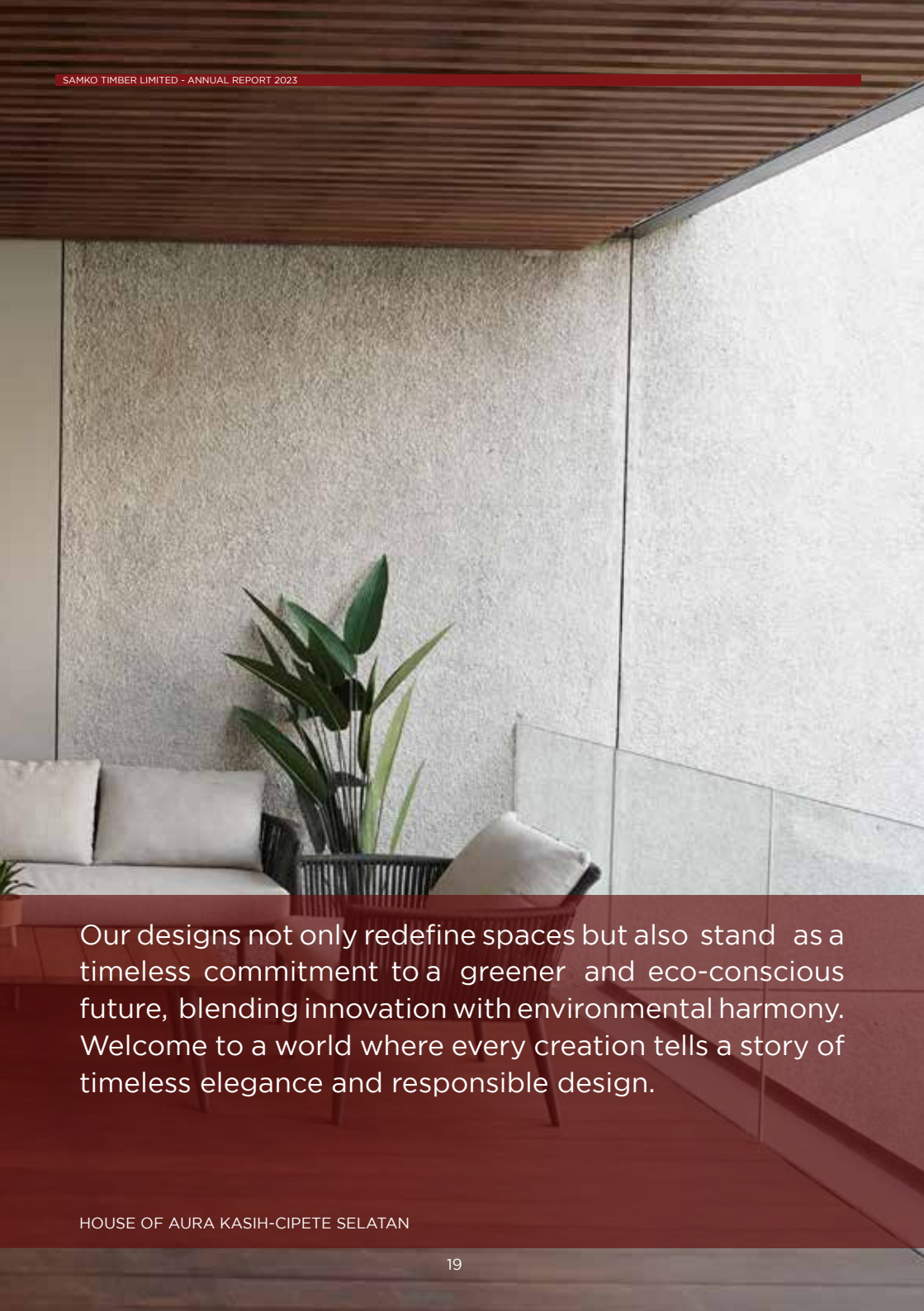
Mr Arief Zakaria joined the Group in 2013 as head of the legal and corporate affairs division. He holds a Bachelor of Law degree from Parahyangan Catholic University, Bandung, Indonesia, and possesses extensive experience as a professional lawyer for more than 10 years, practicing in general corporate, company acquisition, banking, and financing. Before serving the Group, Mr. Zakaria was joining respectively Lubis, Ganie, Surowidjojo Law Firm (LGS), and Assegaf Hamzah & Partners Law Firm (AHP), both are one of the largest and leading law firms in Indonesia. Mr. Zakaria has also possessed the experience to serve as head of the legal division of PT Bank OCB Indonesia, and deputy notary of the notary public of some private foreign joint venture banks in Indonesia, including, among others, Deutsche Bank AG, Jakarta branch, PT Sanwa Indonesia Bank, PT Bank Societe Generale Indonesia, and PT Bank Credit Lyonnais Indonesia.

Mr Alvin Puspowidjono has been with the Group since 2018. He holds a Bachelor of Psychology from the University of New South Wales, Australia, having graduated in 2010. Before joining the Group, Mr. Puspowidjono was in Asia Pulp and Paper, Sinarmas Group. He began his career as a business analyst overseeing their pulp operations, following which, he advanced to roles in sales management and product management in the photocopier paper business. In 2017-2018, Mr. Puspowidjono earned a scholarship program to pursue his MBA degree at Said Business School, University of Oxford.

Mr Faisal joined the Group in 2008. He had been a very dynamic and result-driven Operation Head with more-over than 15 years experiences, and has proven expertise in driving operational efficiency and optimizing production processes, as well as committed to continuous improvement and driving innovation in the manufacturing industry. Before joining the Group, Mr. Faisal worked for PT LG Phillips Display Indonesia as Accounting Manager. He holds Bachelor Degree in Finance Management from Indonesian College of Economic.

Mr Edward Tombokan joined the Group in 2017 and is managing Commercial Division. Prior to joining the Group, Mr. Tombokan possesses 13 years of experience in Pulp and Paper industry. He held several different positions under APP such as General Manager of APP Vietnam, Deputy Mill Head at PT Indah Kiat Pulp and Paper Tbk and Senior Vice President of Sales at Asia Pulp and Paper. Before that, Mr. Tombokan spent some years at Corporate Finance of PT Enseval Tbk in Treasury Division. He holds a Bachelor of Science in Business Administration degree major in Marketing from University of Arizona, United States of America.



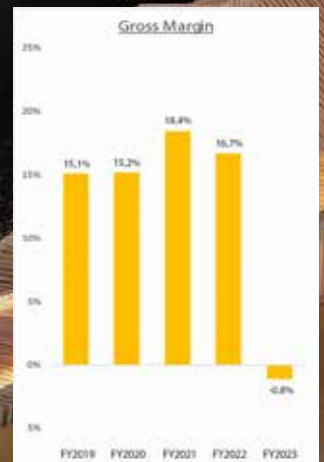
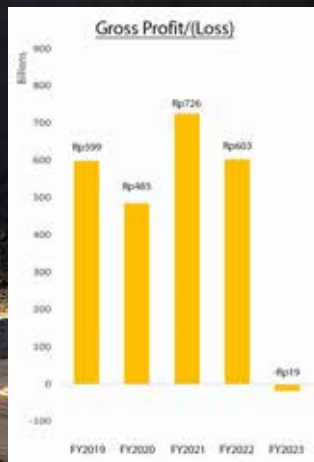
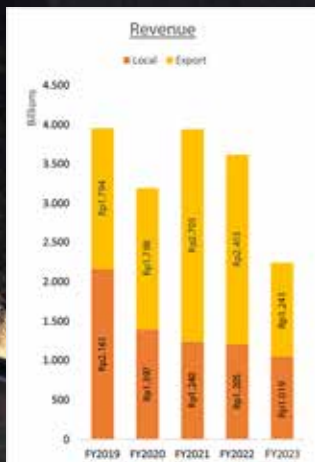


Our designs not only redefine spaces but also stand as a timeless commitment to a greener and eco-conscious future, blending innovation with environmental harmony. Welcome to a world where every creation tells a story of timeless elegance and responsible design.

FINANCIAL HIGHLIGHTS

Sculpting Success:

A Financial *Showcase* with Our *Wood Products*



This showcase symbolizes not just artistic prowess but also the enduring financial strength and stability our products bring to the forefront. Witness the seamless blend of aesthetics and economic impact, crafting a narrative of prosperity within our financial highlights.



ARCH-ID 2023 SAMPOERNA KAYOE STAND

Annual Report 2023

Sustainability Content Year At A Glance

Aligned with Indonesia's commitment to maintaining global temperatures, SAMKO is steadfast to being directly involved and contributing to the national agenda as reflected in Indonesia's FOLU Net Sink 2030, where emissions from the forestry and land sector (FOLU) will reach a net sink by 2030. The Group actively embraced this commitment, embedding sustainability into its business framework.

COP28 emerged as a pivotal commitment in Dubai, UAE (November 30 - December 12, 2023) that connects the threads of global climate action. The discussions centred on fostering global cooperation, addressing issues such as temperature control, community support, and achieving zero emissions by 2060. This year, SAMKO is honored to have the opportunity to take part as a key speaker in addressing the Group's actions to achieve global climate visions.

SAMKO believes the efforts must be followed by selective and responsible development to deliver substantial value across economic, environmental, social and governance sectors to improve fair and equitable welfare across Indonesia. SAMKO began with small steps and defined strategies in the Group's main business foundations through the implementation of sustainable forest management and new initiatives of renewable energy.

In line with the world mission, our home country's commitment, alongside with government, businesses and societies, the Group hopes to be able to work together mutually through the enhanced implementation of climate mitigation actions; look after, maintain, preserve, and restore ecosystems while ensuring the social, economic and environmental benefits of these actions.





Sustainable Forestry

A) Community Forest

Samko remains committed to engaging, assisting, and maintaining smallholder farmers through the FSC standards to shape the future of responsible forestry. The Group is expanding support to smallholder farmers to build a wider family of suppliers whose raw materials are FSC-certified. Until this year, 1,348 farmers have successfully received FSC Small and Low-Intensity Managed Forest (SLIMF) certification. We are currently managing a total of 60 community forest farmers under our forestry program in Jambi province and Jombang regency. Samko will continue to expand our sustainability mission on both national and global scales.

B) Forest Revitalization

SAMKO has succeeded in getting international sustainable forest management certification namely Programme for the Endorsement of Forest Certification (PEFC) for its timber plantations in North Maluku. This accomplishment was also followed by the fulfilment of the Timber Legality Assurance System (SVLK) and several ground assessments such as High Conservation Value (HCV), Social Impact Assessment (SIA) and High Carbon Stock (HCS) for areas in and around the concession area. Currently, SAMKO is in the process of obtaining international sustainable forest management certification for its second plantation simultaneously to achieve its business sustainability, SAMKO continues to develop infrastructures, construct public facilities and create jobs to improve lives and grow our business, engaging and collaborating with the local community every step of the way.



Conservation

A) Ecotourism

SAMKO as the largest processed wood producer in Indonesia and one of the largest in the world, is proud to inaugurate its second Ecotourism at Kuncen Agrowisata, Polobogo Village, Kec. Getasan, Kab. Semarang, Central Java - after the construction of the first Ecotourism in Rimbo Ulu District, Kab. Tebo, Jambi.

In an effort to create sustainable ecotourism, SAMKO collaborates with local agencies and local farming communities to not only promote environmentally friendly tourist destinations but also maintain the heritage of the local area. This is part of the company's commitment to supporting sustainable development, economic growth of local farmers, and preserving the environment.

Samko hopes that this ecotourism program will be useful for aspects of conservation, empowerment and environmental education. This facility is one of our commitments to the implementation of responsible sustainable forest management, as well as creating a strong manifestation to preserve nature and local culture to learn about the importance of conservation and biodiversity in maintaining the sustainability of nature.



Our "Pondok Kayoe" Ecotourism in Semarang, Central Java

B) Biodiversity

Preserving biodiversity is important to encourage the development and prosperity of every element of life. In maintaining the sustainability of its elements, SAMKO has the challenge of running a business that is responsible in social and environmental aspects, including protecting biodiversity in areas around the company's operations. In improving ecological functions, SAMKO integrates biodiversity management by preventing and minimizing the impact of activities on ecosystems in all company operational areas.

This year, SAMKO has implemented a program to distribute 1,000 Tilapia (Nila) fish spawn in high conservation value areas. Apart from that, it also distributed various types of Multipurpose Tree Species (MPTS) plant seeds with a total of 950 tree saplings in Semarang and Jambi.

It is hoped that the activity of distributing saplings and tilapia fish spawns can help improve the diversity of ecosystems in areas of high conservation value, as well as being part of SAMKO's efforts to maintain environmental sustainability.

Following SAMKO's latest tagline "Sustainable Tomorrow Starts Today", the Group believes that whatever we do today will determine tomorrow. This is a business strategy that drives SAMKO's commitment to preserving the earth, and safeguarding the future and the environment.



Production

A) Supply Chain Management

SAMKO is committed to improving business by adopting responsible practices and remains to grow positively driven by various transformation efforts in our business operations. We are continuously improving our technology and efficiency to maximize production capacity while also consistently adhering to sustainable business principles. We first started in our forests, working with smallholder farmers across Indonesia and managing our plantation - ensuring sustainable forest management practices, and finally obtaining a Chain of Custody in our factories for supply chain traceability.

B) Green Skills for the Future: Renewable Energy

SAMKO has now moved towards, broadening the sustainability strategies from Sustainable Forest Management to increasing operational efficiency through renewable energy, Solar Panel. The Group expanded its strategy to downstream operations regarding its contribution to FOLU Net Sink 2030 and global climate issues.

Currently, we manage a solar power plant with a capacity of 1.74 MWp at two factories in Jombang Regency, East Java province, that produces 4,3 million kWh of energy, equivalent to avoided CO2 amounting to 2,063 tons so far.

Pioneered the Largest Installation of Solar Panels among Indonesian Timber Industries

Solar PV – 363 Tandan		Solar PV – 363 Pundong	
	PV Capacity = 1.2 MWp		PV Capacity = 0.54 MWp
	Electricity Generated and Used Period: October 2021 - November 2023 = 3,018,821 kWh		Electricity Generated and Used Period: October 2023 - November 2023 1,314,882 kWh
	Environmental Impact Period: October 2021 - November 2023 CO2 Avoided amounting to: 1,434 Tons • Standard Coal Saved: 1,258 Tons • Tree equivalent: 1,859 Trees		Environmental Impact Period: October 2023 - November 2023 CO2 Avoided amounting to: 629 Tons • Standard Coal Saved: 560 Tons • Tree equivalent: 800 Trees
			
 PV Capacity: 1.74 MWp		 Electricity Generated and Used: 4,343,503 kWh	
 Total CO2 Avoided: 2,063 Tons			

People

Social Welfare

Our programs reflect the interdependence of economic, environmental, education, health, and social issues by acknowledging within and around our operational areas. The engagement involves how we work to strengthen our relationship with individuals, groups and organizations that are both directly and indirectly affected by our business. SAMKO believes that the right adjustment, deep connection and trust between communities and organizations, enable us to develop a new path towards a long-term and well-function democracy that is relevant to all stakeholders. The Group is committed to supporting community-based activities which are both in line with our business objectives and beneficial to societies in various voluntary activities throughout the year:

Social Welfare	Group Site Affiliation	Activities
Construction	Banyumas, Karanganyar, Purbalingga, Banyuwagi, Jombang, Pundong, Muaro Jambi, Balaraja	<ol style="list-style-type: none"> 1. Repairing public facilities such as building renovations, repairing roads in Noborejo Village, and building a volleyball court in Pasren Hamlet 2. Procurement of facilities and infrastructure for teaching and learning facilities 3. Providing 450 pieces of Plywood for the renovation of public facilities such as village halls, mosques, and prayer rooms
Education	Butuh	<ol style="list-style-type: none"> 1. Providing scholarships in the form of financial assistance given to pursue education according to their field 2. Participation in the teaching and learning process of local village Islamic Boarding Schools and TPQs (Bajong, Pasren, Karangpinggir, Telarpucung, Majasari, Bukateja, Cipawon, Kedungkat, and Kembaran)
Environmental	Banyumas, Butuh, Purbalingga, Luwu,	<ol style="list-style-type: none"> 1. Distribution of plant saplings to villages and surrounding communities 2. Distribution of plant saplings to the Pollution and Environmental Damage Control Division (PPKLH) DLH Kab. Purbalingga in 2023 3. Participation in the community planting activity program from CDK Banjarnegara to the Rejo Mukti Farmers Group, Timbang Village, Kec. Kejobong in 2023 4. Assistance in providing water in Patemon Village
Economic Empowerment	Batang, Butuh, Jember, Jombang, Pundong, Karanganyar, Kediri, Muaro Jambi, Luwu, Muara Enim, Waykanan	<ol style="list-style-type: none"> 1. Provision of agricultural equipment to increase productivity and efficiency of farming, improve product quality and value, and empower farmers 2. Providing financial assistance to increase the welfare of Tunas Harapan Panply Kindergarten Teachers 3. Assistance for religious and community activities for local agencies and communities 4. Providing sacrificial animals and basic necessities to the local community
Health	Jombang, Pundong, Luwu	Blood donation facility

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

Riko Setyabudhy Handoko
(Chief Executive Officer)

Non-Executive:

Eka Dharmajanto Kasih
(Non-Independent Non-Executive
Chairman)

Michael Joseph Sampoerna
(Non-Independent Director)

Ng Cher Yan

(Lead Independent Director)

Sim Idrus Munandar

(Independent Director)

Hadi Daryanto

(Independent Director)

Ito Sumardi

(Independent Director)

AUDIT COMMITTEE

Ng Cher Yan (Chairman)

Sim Idrus Munandar

Hadi Daryanto

NOMINATION COMMITTEE

Sim Idrus Munandar (Chairman)

Ng Cher Yan

Ito Sumardi

REMUNERATION COMMITTEE

Ito Sumardi (Chairman)

Ng Cher Yan

Sim Idrus Munandar

BOARD RISK COMMITTEE

Sim Idrus Munandar (Chairman)

Eka Dharmajanto Kasih

Riko Setyabudhy Handoko

Ng Cher Yan

Ito Sumardi

Hadi Daryanto

SECRETARY

Kiar Lee Noi

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SHARE REGISTRAR/SHARE TRANSFER AGENT

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue

Keppel Bay Tower, #14-07

Singapore 098632

Tel: 6536 5355

Fax: 6536 1360

AUDITORS

BDO LLP

Public Accountants and Chartered Accountants

600 North Bridge Road

#23-01 Parkview Square

Singapore 188778

AUDIT PARTNER-IN-CHARGE

William Ng Wee Liang

(Appointed since the financial year ended

31 December 2023)

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of Samko Timber Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) recognized the importance of sound corporate governance practices and are committed to setting and maintaining high standard of corporate governance to ensure greater corporate transparency, accountability, performance and integrity. This is a fundamental part of their responsibilities to protect and enhance shareholders’ value and the financial performance of the Group.

This report describes the key aspects of the Company’s corporate governance framework and practices that were in place throughout the financial year ended 31 December 2023 (“**FY2023**”), with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”) and accompanying practice guidance (the “**Practice Guidance**”), which form part of the continuing obligations of the listing rules (the “**Listing Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the Companies Act 1967 of Singapore (the “**Companies Act**”). The focus shall be on areas such as internal controls, risk management, financial reporting internal and external audits.

The Board is pleased to confirm that for FY2023, the Company has complied with the principles and provisions as set out in the Code and the Practice Guidance, where applicable. In areas where the Company’s practices vary from any of the provisions of the Code and the Practice Guidance, the Company has stated herein the provision of the Code and the Practice Guidance (as applicable) from which it has varied, and appropriate explanations are provided for the variations, and how the practices the Company had adopted are consistent with the intent, aim and philosophy of the relevant principles of the Code and the Practice Guidance. The Company will continue to assess its needs and implement appropriate practices accordingly.

(I) BOARD MATTERS

THE BOARD’S CONDUCT OF ITS AFFAIRS

Principle 1: *The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

Provision 1.1

Principle Duties of the Board

The Board oversees the business affairs of the Group and is responsible for setting the strategic direction of the Group establishing goals for management team of the Company (“**Management**”). In addition, the Board works with Management to achieve these goals set for the Group.

Apart from the statutory responsibilities, the Board is responsible for the overall management of the Group and the review and monitoring of the Group’s operations, including:

- (a) The review of the Group’s financial performance;
- (b) Consider sustainability issues as part of the Group’s strategic formulation;
- (c) Responsibility for corporate governance;
- (d) Establish a framework of prudent and effective controls which enable risks to be assessed and managed;

CORPORATE GOVERNANCE STATEMENT

- (e) Review management performance;
- (f) Set the Group's corporate values and standards which include ethical standards and ensure that obligations to shareholders and others are understood and met; and
- (g) Ensure that the Group maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets.

All Directors exercise reasonable diligence and independent judgement when making decisions and are obliged to act honestly and consider the best interests of the Company at all times.

Code of Business Conduct and Ethics

The Company strives to uphold the highest levels of business conduct and integrity in all transactions and interactions. All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company. The Company is committed to ensuring that its affairs are conducted with the highest standard of probity and in compliance with any applicable law, legislation or Listing Rules of the SGX-ST.

Directors are encouraged to bring questions about particular circumstances that may implicate one or more provisions of the business conducts and ethics to the attention of the Board. No code or policy can anticipate every situation that may arise. Accordingly, each Director must carry out their duties and responsibilities, including but not limited to:

- (a) Avoid any conflicts of interest with the Company;
- (b) Maintain confidential or proprietary information about the Company or other parties that have dealings with the Company;
- (c) Comply with the Company's guidelines and all laws, rules and regulations applicable to the Company;
- (d) Endeavor in any dealing with the Company's customers, suppliers, competitors and employees in a fair manner;
- (e) Practice and promote ethical behavior and encourage the employees of the Company to report any illegal or unethical behavior to the Board; and
- (f) Communicate any suspected violations promptly to the Board so that investigation can be carried out and appropriate action will be taken.

This serves as a guide to the Directors on the areas of ethical risk and sets a framework where integrity and accountability are paramount.

Conflict of Interests

The Board acts in good faith and in the best interests of the Company by exercising due care, skills and diligence, and avoiding conflicts of interest. The Directors are cognizant of their fiduciary duties at law. When a potential conflict of interest situation arises, the affected Director will recuse himself or herself from the discussion and decisions involving the areas of potential conflict, unless the Board is of the opinion that his or her participation is necessary. Where such participation is permitted, the conflicted Director excuses himself or herself for an appropriate period during the discussions to facilitate full and frank exchange by the other Directors and shall in any event recuse himself or herself from the decision-making.

CORPORATE GOVERNANCE STATEMENT

Pursuant to Section 156 of the Companies Act, each director is required to declare if he or she have conflict of interest in any of the corporate transactions. Each director is also required to submit details of his or her associates for the purpose of monitoring interested persons transactions (the “**IP**”) annually. Where a director has a conflict or potentially conflict of interest in relation to any matter, he or she should immediately declare his or her interest when the conflict-related matter is discussed, unless the Board is of the opinion that his or her presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he or she is abstained from voting in relation to the conflict-related matters.

Provision 1.2

Director Competencies

All Directors have a good understanding of the Group’s business as well as their directorship duties (including their roles as executive, non-executive and independent directors).

While the duties imposed by law are the same for all directors, a listed board of directors will generally have different classes of directors with different roles:

- **Executive Directors (EDs)** are usually members of the management who are involved in the day-to-day running of the business. Executive Directors are expected to:
 - (a) provide insights on the company’s day-to-day operations, as appropriate;
 - (b) provide the management’s views without undermining the management’s accountability to the board of directors; and
 - (c) collaborate closely with Non-Executive Directors for the long-term success of the company.
- **Non-Executive Directors (NEDs)** are not part of the management. They are not employees of the company and do not participate in the company’s day-to-day management. Non-Executive Directors are expected to:
 - (a) be familiar with the business and stay informed of the activities of the company;
 - (b) constructively challenge the management and help develop proposals on strategy;
 - (c) review the performance of the management in meeting agreed goals and objectives; and
 - (d) participate in decisions on the appointment, assessment and remuneration of the Executive Directors and key management personnel (“**KMP**”) generally.
- **Independent Directors (IDs)** are Non-Executive Directors who are deemed independent by the board of directors. Independent Directors have the duties of the Non-Executive Directors, and additionally provide independent, and objective advice and insights to the board of directors and the management.

Directors are expected to develop their competencies to effectively discharge their duties and are provided with opportunities to develop and maintain their skills and knowledge at the Company’s expense.

CORPORATE GOVERNANCE STATEMENT

Appointment Letter

Upon appointment of each Director, the Company shall provide a formal letter of appointment to the Director, setting out the Director's roles, obligations, duties and responsibilities, and the expectations of their contribution to the Company as a member of the Board.

Continuous Training and Development of Directors

The Company does not have a formal training program for the Directors but all incoming Directors will undergo a comprehensive and tailored induction on joining the Board. This includes his or her duties as a Director and how to discharge those duties, and an orientation programme to ensure that he or she is familiar with the Group's business and governance practices. To get a better understanding of the Group's businesses, the incoming Director(s) will also be given the opportunity to meet with Management.

The Company will also arrange for first-time Director(s) to attend relevant training in relation to the roles and responsibilities of a Director of a public listed company in Singapore as prescribed by the SGX-ST and in areas such as accounting, legal and industry-specific knowledge as appropriate. The training of Directors will be arranged and funded by the Company.

The Board values on-going professional development and recognises that it is important that all Directors receive regular training so as to be able to serve effectively on and contribute to the Board. The Board will consider adopting a policy on continuous professional development for Directors.

To keep pace with new laws, regulations, changing commercial risks and financial reporting standards, all Directors are encouraged to be members of the Singapore Institute of Directors ("**SID**") and attend specifically tailored training conducted by professionals at least annually. Directors are also encouraged to attend, at the Company's expense, relevant and useful seminars for their continuing education and skills improvement courses that are conducted by external organisations. The Company Secretary will bring to the Directors' attention information on seminars that may be of relevance or use to them.

All Directors are provided with regular briefings from time to time on changes in the relevant laws and regulations in relation to accounting standards, Listing Rules, corporate governance and other regulations or statutory requirements. Briefings, updates and trainings for the Directors in FY2023 included the following:

- (i) The External Auditors ("**EA**") had briefed the AC and the Board on changes and/or amendments to accounting standards; and
- (ii) The Company Secretary had briefed the Board on the continuing obligations under the Listing Rules as well as periodic updates on the listing manual (the "**Listing Manual**") of the SGX-ST, where necessary.

Provision 1.3

Internal Guidelines on Matters Requiring Board's Approval

The Company has adopted internal guidelines setting forth matters that require the Board's approval. Under the guidelines, all new investments, any increase in investment in businesses and subsidiaries, and any divestments by any of the Group's companies, and all commitments to term loans and lines of credit from banks and financial institutions by the Company require the approval of the Board.

CORPORATE GOVERNANCE STATEMENT

In addition, the following matters are specifically reserved for the Board's decision and approval:

- (a) Financial results announcements;
- (b) Annual reports and financial statements;
- (c) Nomination/appointment of Directors and KMP;
- (d) Major funding proposal;
- (e) Corporate strategies and financial restructuring; and
- (f) Major investment or acquisition/disposal proposals, including any other transactions of a material nature requiring announcements under the Listing Manual of the SGX-ST.

Provision 1.4

Delegation of Authority to Board Committees

To ensure smooth operations, facilitate decision-making and ensure proper controls, the Board has delegated some of its powers to its committees. The Board is supported by four Board committees, namely, the Audit Committee (the "**AC**"), the Nomination Committee (the "**NC**"), the Remuneration Committee (the "**RC**") and the Board Risk Committee (the "**BRC**") (collectively, the "**Board Committees**"). Each Board Committee has its own specific terms of reference (the "**Terms of Reference**") setting out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken. The Chairman of the respective Board Committees will report to the Board on the outcome of the committees' meetings and their recommendations on the specific agendas mandated to the committees by the Board.

The Board Committees, which operate within clearly defined Terms of Reference, are actively engaged and play important roles in ensuring good corporate governance.

Provision 1.5

Meetings of Board and Board Committees

Since the Company ceased to report earnings on a quarterly basis, the Board conducts at least two (2) meetings on a half yearly basis to review the Group's financial results and where necessary, additional Board meetings are held to address significant issues or transactions.

During FY2023, the Board met two (2) times to review the Company's half year and full year results and to consider proposed corporate actions by the Company. Ad-hoc meetings are held to address significant issues or transactions. In addition to the scheduled meetings, the Board would have informal discussions on corporate events and/or actions, which would then be formally confirmed and approved by circulating resolutions in writing. The Board members also communicate frequently with Management to discuss the business operations of the Group.

The Company's Constitution allow a Board meeting to be conducted by way of a telephone conference and/or by means of similar communication equipment where all Directors participating in the meeting are able to hear each other. Decision of the Board and Board Committees may also be obtained through circular resolutions.

CORPORATE GOVERNANCE STATEMENT

The attendance of the Directors at the Board and Board Committees meetings as well as the general meetings held in 2023 is set out in the table below:

	Board Committees					
	Board	Audit Committee	Nomination Committee	Remuneration Committee	Board Risk Committee	General Meeting
No. of meetings held	4	3	1	1	2	2
Name of Director	No. of meetings attended					
Eka Dharmajanto Kasih	3	-	-	-	2	1
Riko Setyabudhy Handoko	4	-	-	-	2	2
Michael Joseph Sampoerna	2	-	-	-	-	2
Ng Cher Yan	4	3	1	1	2	2
Sim Idrus Munandar	3	2	1	1	2	1
Ito Sumardi	4	-	1	1	2	2
Hadi Daryanto	4	3	-	-	2	2

The Board is of the view that the contribution of each Director should not be focused only on his or her attendance at meetings of the Board and/or Board Committees. A Director's contribution may also extend beyond the confines of the formal environment of such meetings, through the sharing of views, advices, experiences and strategic networking relationships which would further the interests of the Company.

Multiple Board Representations

The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after considering his or her other principal commitments. The NC also believes that it is for each Director to assess his or her own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

All Directors are required to declare their board representations on an annual basis and as soon as is practicable after the relevant facts have come to his or her knowledge. When a Director has multiple board representations, the NC considers whether or not the Director is able to and has adequately carried out his or her duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

Based on the individual Director's confirmation provided to the NC in FY2023 on his ability to carry out his duties as a Director of the Company and to address any competing time commitments that may arise, the NC believes that it would not be necessary to put a maximum limit on the number of listed company board representations of each Director. The Board and the NC will review the requirement to determine the maximum number of listed company board representations as and when they deem fit.

The NC has evaluated the competing time commitments faced by Directors serving on multiple boards during FY2023 and is satisfied that the Directors are able to and have adequately carried out their duties as Directors of the Company, as well as sufficient time and attention are given to the affairs of the Company, after taking into consideration each of the Directors' number of listed company board representations and other principal commitments in FY2023.

CORPORATE GOVERNANCE STATEMENT

Provision 1.6

Access to Information

The Board is free to request for further clarification and information from Management on all matters within their purview. The schedule of all the Board Committees' meetings for the financial year is usually given to all the Directors well in advance.

To enable the Board to function effectively and to fulfil its responsibilities, Management recognises its obligation to supply the Board and Board Committees with complete, adequate information in a timely manner. In addition, all relevant information on the Group's annual budgets, financial statements, material events and transactions complete with background and explanations are circulated to Directors as and when they arise. A system of communication between Management and the Board has been established and will improve over time.

Each Director has been provided with the up-to-date contact particulars of the Company's KMP and the Company Secretary to facilitate access to any required information. The Company Secretary and her representatives attend all meetings of the Board and Board Committees and are responsible in ensuring that Board procedures and all other rules and regulations applicable to the Company are complied with.

The Board receive half yearly financial management reports, annual budgets and explanation pertaining to the operational and financial performance of the Group, including updates on the Group's financial performance and position, cash flow position and operational performance of the Group's assets.

The Board will also be updated on the industry trends and developments surrounding the Group's various business segments to enable them to oversee the Group's operational and financial performance as well as risks faced by the Group.

Provision 1.7

Access to Management and Company Secretary

The Directors have separate and independent access to Management and the Company Secretary, who are responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied, at all times through email, telephone and face-to-face meetings.

The Directors are also entitled to request for additional information and Management shall provide them on a timely basis. Any additional materials or information requested by the Directors to make informed decisions is promptly furnished.

The Company Secretary assists the Chairman and the Chairman of each Board Committee in the development of the agendas for the various Board and Board Committees meetings. The Company Secretary and/or her representatives attend all meetings of the Board and Board Committees. The Company Secretary prepares the minutes after each meeting and ensures that good information flows within the Board and its Board Committees and between Management and Non-Executive Directors. The Company Secretary also facilitates the orientation of the Board and Management and assists with professional development as and when required. The appointment and removal of the Company Secretary is subject to approval of the Board as a whole.

CORPORATE GOVERNANCE STATEMENT

Access to Independent Professional Advice

In furtherance of their duties, the Directors, individually or as a group, may seek independent professional advice on matters relating to the businesses of the Group, at the Company's expense, subject to approval by the Board.

BOARD COMPOSITION AND BALANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1

Director Independence

The criterion for independence is based on the definition set out in the Code and Practice Guidance, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 210(5) (d) of the Listing Manual of the SGX-ST. The Board considers an "independent" Director as one who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

The NC conducted its annual review of the Directors' independence according to the Code and Rule 210(5) (d) of the Listing Manual of the SGX-ST. In its deliberation as to the independence of a Director, the NC takes into consideration whether a Director has any business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgement in the best interest of the Company. The Independent Directors constructively challenge and assist in the development of proposals on strategy and assist the Board in reviewing the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance.

For FY2023, the Independent Directors, Messrs Ng Cher Yan, Sim Idrus Munandar, Ito Sumardi and Hadi Daryanto, have confirmed that they or their immediate family members do not have any relationship with the Company or any of its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company, and do not fall under any of the circumstances pursuant to Rule 210(5)(d)(i) and (ii) of the Listing Manual of the SGX-ST. The Independent Directors did not own shares of the Company and were not in foreseeable situation that could compromise their independence of thought and decision. The Board, based on the review conducted by the NC, has determined that the said Directors are independent.

Duration of Independent Directors' Tenure

The Board recognises that Independent Directors may over time develop significant insights in the Group's business and operations and can continue to provide noteworthy and valuable contribution objectively to the Board as a whole. The independence of the Independent Directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form; such as the number of years which they have served on the Board.

CORPORATE GOVERNANCE STATEMENT

Mr Ng Cher Yan and Mr Sim Idrus Munandar have served on the Board for an aggregate period of more than nine (9) years since their first appointment on 14 December 2007. In line with the mandatory 9-year tenure limit for independent director to serve on the Board under the new requirements of the SGX-ST Listing Rules, Mr Ng and Mr Sim, who will be retiring pursuant to Article 94 of the Company's Constitution, would not offer themselves for re-election and will retire at the conclusion of the forthcoming AGM to facilitate the Board renewal process in the Company.

Upon retirement, Mr Ng Cher Yan and Mr Sim Idrus Munandar will be concurrently ceasing to be the Chairman and members of the following Board Committees:

- (a) Mr Ng Cher Yan will cease to be the Lead Independent Director and relinquish his position as the Chairman of the AC and member of the NC, RC and BRC of the Company respectively; and
- (b) Mr Sim Idrus Munandar will cease to be the Independent Director and relinquish his position as the Chairman of the BRC and NC and member of the AC, and RC of the Company respectively.

Provision 2.2

Proportion of Independent Directors

As at the date of this report, the Board consists of one (1) Executive Director and six (6) Non-Executive Directors of which four (4) are Independent Directors. The Company has complied with Provision 2.2 of the Code as Independent Directors made up a majority of the Board where the Non-Executive Chairman is not independent.

The Board is able to exercise objective judgments on corporate affairs independently and constructively challenge key decision, taking into consideration the long-term interest of the Group and its shareholders. Further, the Company has in place an internal guideline for matters requiring Board's approval. Therefore, no individual or a small group of individuals be allowed to dominate the Board's decision making.

Provision 2.3

Proportion of Non-Executive Directors

A majority of six (6) out of seven (7) Directors on the Board are Non-Executive Directors.

Provision 2.4

Board Composition and Size

As at the date of this report, the Board comprises the following seven (7) Directors, one (1) of whom is Executive Director and six (6) of whom are Non-Executive Directors of which four (4) are Independent Directors:

Executive Director

Riko Setyabudhy Handoko CEO

CORPORATE GOVERNANCE STATEMENT

Non-Executive Directors

Eka Dharmajanto Kasih	Non-Executive Chairman (“ Chairman ”)
Michael Joseph Sampoerna	Non-Independent Director
Ng Cher Yan	Lead Independent Director
Sim Idrus Munandar	Independent Director
Ito Sumardi	Independent Director
Hadi Daryanto	Independent Director

The profiles of the Directors are set out on pages 12 to 15 of this Annual Report.

The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group’s operations, the requirements of the businesses and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, believes that its current Board size and the existing composition of the Board Committees effectively serve the Group. It provides sufficient diversity of skills, experience and knowledge of the Group without interfering with efficient decision-making.

Board Diversity

With a view to achieving a sustainable and balanced development, the Company sees diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Company is accordingly committed to promoting diversity of the Board. The Company has adopted its diversity policy (the “**Board Diversity Policy**”). In designing the Board’s composition, the Board Diversity Policy requires the NC and the Board to consider a number of aspects, including but not limited to gender, age, nationalities, ethnicity, cultural background, educational background, experience, skills, knowledge, independence and length of service. Any search firm engaged, where required, to assist the Board or a committee in identifying candidates for appointment to the Board will be specifically directed to include diverse, experienced and reputable candidates.

The Board recognize that the importance and benefits of diversity in all ways, regardless of genders, age groups, skillsets, experiences, background and other distinguishing factors/qualities, is to have an effective and diverse Board. The main objective of the Board Diversity Policy is to continue to maintain the appropriate balance of perspectives, skills and experience on the Board to support the long-term success of the Company.

The Board Diversity Policy applies to the Board and to the Group’s workforce. The Board is aware that the Board Diversity Policy should include the following:

- (a) the Company’s targets to achieve diversity on its Board;
- (b) the Company’s accompanying plans and timelines for achieving the targets;
- (c) the Company’s progress towards achieving the targets within the timelines; and
- (d) a description of how the combination of skills, talents, experience and diversity of its directors services the needs and plans of the Company.

The current Board composition provides a diversity of skills, experience, and knowledge of the Company. The Directors of the Company come from diverse backgrounds and possess core competencies, qualifications and skills, all of whom as a group, provide the Board with a good mix of the necessary experience and expertise to direct and lead the Group. Their combined wealth and diversity of experience enable them to contribute effectively to the strategic growth and governance of the Group.

CORPORATE GOVERNANCE STATEMENT

The NC is of the view that the current Board comprises members with diverse competencies, experience and skills that match the demands of the Group. The Board comprises Directors who provide core competencies in accounting and finance, business experience, industry knowledge, strategic planning and customer-based experience and knowledge.

Diversity Targets and Progress

The target, timeline and progress towards achieving the diversity objectives are summarized below:

1. Tenure of Service of Board of Directors

The tenure of each independent Director is monitored closely every year so that the process for Board renewal is reviewed and considered ahead of any independent Director reaching the nine-year mark to facilitate a smooth transition and to ensure that the Board continues to have an appropriate level of independence.

As of the date of this report, there are two (2) Directors who served on the Board for an aggregate period of more than nine (9) years. To facilitate the Board renewal process, the Directors concerned, Mr Ng and Mr Sim will be retired at the conclusion of the forthcoming AGM so as to align with the Board renewal structure. Management has commenced the search for new Director(s) through various avenues and contacts and has put forward the recommendations for suitable candidates(s) to the Board and NC. The NC and the Board is currently in the process of reviewing its composition and the memberships of the relevant Board and Board Committees. The Company is aware of and aims to meet the compliance with the requirements under the SGX-ST Listing Rules as well as the relevant principles of the Code and will update the shareholders on the new composition of the Board and Board Committees.

2. Diversity of Age

The ages of the current Directors range from 45 to 73. The Company has not set any specific target for the boardroom age diversity but will work towards having appropriate age diversity in the Board, if opportunity arises. The Company does not fix age limit for its Directors given that such Directors are normally reputed and experienced in the corporate world and could continue to contribute to the Board in steering the Company. The Board is fully committed to promoting age, diversity, valuing the contribution of its members regardless of age, and seek to eliminate age stereotyping and discrimination on age.

3. Female Board Representation

At the end of FY2023, all Directors are male. The Company believes in achieving an optimum mix of male and female on the Board to provide different approaches and perspectives. The NC aims to have at least one (1) female representation on the Board and will strive to consider female candidate for any proposed board appointment. Following the Company's commitment for a Board renewal pursuant to the conclusion of the forthcoming AGM of the Company, the NC is in the midst of identifying potential candidates for the role of Independent Director to replace long tenured Independent Directors. The female candidate(s), if appointed, will lead the Company to achieve its gender diversity as set out in the Board Diversity Policy.

CORPORATE GOVERNANCE STATEMENT

4. Maintain majority Board members to be independent

The Company believes that the Board independence enables the Board to function effectively at optimum level during the year and exercise objective judgment on corporate affairs independently. As of FY2023, the Board comprised seven (7) members of which four (4) were Independent Directors. The Company will continue to maintain the same number of independent Board members to ensure compliance with the Code. The Board has taken the following steps to maintain or enhance its balance and diversity:

- (i) annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- (ii) annual evaluation by the Directors with a view to understanding the range and level of expertise which is potentially lacking on the Board.

5. Balance of skill set on the Board

The Company believes that diversity in skill sets would support the work of the Board and Board Committees and needs of the Company, and that an optimal mix of experience would help shape the Company's strategic objectives and provide effective guidance and oversight of Management and the Company's operations. The broad categories in the skill matrix are (i) industry knowledge; (ii) business and related; (iii) strategic planning; and (iv) professional skills (eg. accounting & finance and legal & regulatory etc).

The NC and the Board had reviewed the skill matrix and are satisfied that the current Board members have the appropriate skill set to lead and govern the Group effectively to achieve the Company's strategic objectives. In identifying the new Board members to replace the long tenured Independent Directors, the NC and the Board aims to have an appropriate mix of expertise with complementary skills, core competencies and experience for facilitating effective decision making. Each Director will be appointed based on his/her skills, experience and knowledge, and is expected to bring forth his/her experience and expertise to the Board for the continuous development of the Group.

6. Ethnicity/Nationality Diversity

The Company does not set any specific target for ethnicity/nationality diversity in the boardroom but will work toward having appropriate ethnicity/nationality diversity in the Board, if opportunities arise.

The NC reviews its targets for diversity from time to time and may recommend changes or additional targets to achieve greater diversity. In addition, the NC reviews the Company's Board Diversity Policy from time to time, as appropriate, to ensure its continued effectiveness and relevance, and any revisions, where necessary, will be recommended to the Board for approval. The Company remains committed to implement the Board Diversity Policy and any further progress made towards the implementation of such policy will be disclosed in future Corporate Governance Reports, as appropriate.

Board Guidance

An effective and robust Board, whose members engage in open and constructive debate and challenge Management on its assumptions and proposals, is fundamental to good corporate governance. A Board should also aid in the development of strategic proposals and oversee effective implementation by Management to achieve set objectives.

CORPORATE GOVERNANCE STATEMENT

The Directors, in particular the Non-Executive Directors, are kept informed of the Company's business and affairs as well as about the industry in which the Company operates in. This knowledge is essential for the Directors to engage in informed and constructive discussions. To ensure that Non-Executive Directors are well supported by accurate, complete and timely information, Non-Executive Directors have unrestricted access to Management. Besides receiving regular Board briefings on latest market developments and trends, and key business initiatives, periodic information papers, industry and market reports, the Non-Executive Directors are regularly briefed by Management on major decisions and prospective business deals.

Provision 2.5

Meeting of Independent Directors without Management

Although all Directors have equal responsibility for the performance of the Group, the role of the Independent Directors is particularly important in ensuring that the strategies proposed by Management are constructively challenged, fully discussed and rigorously examined, assessing the performance of Management in meeting the agreed goals and objectives, as well as monitoring the reporting of performance.

The Independent Directors are encouraged to meet regularly without the presence of Management, so as to facilitate a more effective check on Management. During FY2023, the Independent Directors have met informally at least once without the presence of Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of Directors and KMP. Thereafter, the Chairman of such meeting will provide feedback to the Board and/or Chairman of the Company as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and the Management, and no one individual has unfettered powers of decision-making.

Provision 3.1

Separation of the Role of Chairman and CEO

The Chairman of the Board and the CEO should in principle be separate persons to maintain an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision making. There is a clear division of responsibilities, as set out in writing and agreed by the Board, between the leadership of the Board and Management responsible for managing the Group's business operations. Mr Eka Dharmajanto Kasih is our Chairman and Mr Riko Setyabudhy Handoko is our CEO.

Provision 3.2

Role of Chairman and CEO

Different individuals assumed the Chairman's and the CEO's roles and the division of responsibilities between the Chairman and the CEO have been clearly established:

- (a) To maintain effective supervision and ensure a balance of power and authority; and
- (b) To ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

CORPORATE GOVERNANCE STATEMENT

The Chairman, Mr Eka Dharmajanto Kasih, brings with him a wealth of experience, leads the Board and bears responsibility for the working of the Board. He ensures that the Board receives accurate, timely and clear information and that the Board meetings are held as and when necessary, and sets agenda of the Board meetings in consultation with the other Directors and Management. He assists in ensuring compliance with the Group's guidelines on corporate governance and facilitating the effective contribution of Non-Executive Directors.

The CEO, Mr Riko Setyabudhy Handoko, has full executive responsibilities in the business directions and operation efficiency of the Group. He oversees execution of the Group's corporate and business strategies and is responsible for the day-to-day running of the business. The performance and remuneration package of the CEO is reviewed periodically by the NC and RC. As the majority of the members of the Board Committees comprises Independent Directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

Provision 3.3

Lead Independent Director

During FY2023, the Board has a Lead Independent Director, Mr Ng Cher Yan, to provide leadership in situations where the Chairman, who is not independent, is conflicted. The Lead Independent Director is a key member of the Board, representing the views of the Independent Directors and facilitating a two-way flow of information between shareholders, the Chairman and the Board.

The Lead Independent Director's role may include chairing Board meetings in the absence of the Chairman, working with the Chairman in leading the Board, and providing a channel to Non-Executive Directors for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary.

In addition, the Lead Independent Director may also help the NC conduct annual performance evaluation and development of succession plans for the Chairman and CEO and help the RC design and assess the Chairman's remuneration.

The Lead Independent Director also makes himself available at all times when shareholders have concerns and for which contact through the normal channels of the Chairman, the CEO or Management have failed to resolve or is inappropriate. The Lead Independent Director makes himself available to shareholder at the Company's general meeting.

There were no query or request on any matters which requires the Lead Independent Director's attention received in FY2023.

Consequent to the retirement of Mr Ng Cher Yan as a Director of the Company after the conclusion of the forthcoming AGM of the Company, the NC is in the midst of identifying potential candidate for the role of Lead Independent Director. This candidate, if appointed, will play an additional facilitative role within the Board including, but not limited to, chairing Board meetings in the absence of the Chairman, working with the Chairman in leading the Board, and providing a channel to Non-Executive Directors for confidential discussions on any concerns and to resolved conflicts of interest as and when necessary.

Independent Director Meetings in Absence of Other Directors

Where necessary, the Lead Independent Director shall lead the meetings among the Independent Directors without the presence of other Directors. The Lead Independent Director shall provide feedback to the Chairman of the meeting after such meetings, if it is necessary. During FY2023, the Independent Directors have met unofficially at least once to discuss the Company's matters without the presence of the other Directors, and the Lead Independent Director has also provided the feedback to the Chairman after such meetings.

CORPORATE GOVERNANCE STATEMENT

BOARD MEMBERSHIP

Principle 4: *The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

Provision 4.1

Roles and Duties of NC

The Board established the NC with written Terms of Reference which clearly set out its authority and duties, and report to the Board directly.

The responsibilities and principal functions of the NC, as set out in its Terms of Reference, include:

- (a) regularly and strategically review the structure, size and composition (including the skills, gender, age, qualification, experience and diversity) of the Board and Board Committees;
- (b) identifying and nominating candidates to fill Board vacancies as they occur;
- (c) request nominated candidates to disclose any existing or expected future business interests that may lead to a conflict of interest. This disclosure is to be included in any recommendations to the Board;
- (d) send the newly-appointed Director a formal appointment letter which clearly sets out his or her roles and responsibilities, authority, and the Board's expectations in respect of his or her time commitment as a Director of the company;
- (e) recommends the membership of the Board Committees to the Board;
- (f) reviews the independent status of Non-Executive Directors (in accordance with Rules 210(5)(d)(i), (ii), and (iv) of the Listing Manual of the SGX-ST and the Provision 2.1 of the Code) and that of the alternate Director, if applicable, annually, or when necessary, along with issues of conflict of interest;
- (g) develops the performance evaluation framework for the Board, the Board Committees and individual Directors and propose objective performance criteria for the Board, the Board Committees and individual Directors;
- (h) recommend that the Board removes or reappoints a Non-Executive Director at the end of his or her term, and recommend the Directors to be re-elected under the provisions of the Company's Constitution on the policy of retirement by rotation. In making these recommendations, the NC should consider the Director's performance, commitment and his or her ability to continue contributing to the Board;
- (i) review other directorships held by each Director and decide whether or not a Director is able to carry out, and has been adequately carrying out, his or her duties as a Director;
- (j) identify and develop training programmes/schedules for the Board, assist with similar programmes for the Board Committees and ensure that all Board appointees undergo appropriate induction programme;
- (k) review and ensure that there is a clear division of responsibilities between the Chairman and CEO of the Company in place;

CORPORATE GOVERNANCE STATEMENT

- (l) review the Board with its succession plans for the Board Chairman, Directors, CEO and KMPs of the Company;
- (m) keep up to date with developments in corporate governance initiatives, changes to relevant legislations, strategic issues and commercial changes that may affect the Company and the industry in which it operates; and
- (n) undertake such other functions and duties as may be required by the Board under the Code, statute or the Listing Manual of the SGX-ST (where applicable).

Provision 4.2

NC Composition

As at the date of this report, the NC comprises the following three (3) members, all of whom, including the NC Chairman, are Non-Executive and Independent Directors, and one of whom is the Lead Independent Director:

Sim Idrus Munandar	Chairman
Ng Cher Yan	Member
Ito Sumardi	Member

Provision 4.3

Nomination and Selection of Directors

Where a vacancy arises pursuant to an expansion of the Board or such other circumstances as they may occur, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. The search for a suitable candidate is drawn from the contacts and networks of existing Directors. The NC can also approach relevant institutions such as SID, professional organisations or business federations to source for a suitable candidate. New Directors will be appointed by way of a Board resolution, after the NC makes the necessary recommendation to the Board and the Board approves such appointment.

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new Directors, amongst others, to consider succession planning and refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory.

When an existing Director chooses to retire or the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC, in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with the appropriate expertise and experience for the appointment as new Director. The selection criterion includes integrity, diversity of competencies, expertise, industry experience and financial literacy.

Re-election of Directors

In accordance with Article 94 of the Company's Constitution, every Director shall retire from office once every three (3) years and at each AGM, one-third of the Directors shall retire from office by rotation. In addition, Article 95 provides that the retiring Directors are eligible to offer themselves for re-election and Article 100 provides that all newly appointed Directors shall hold office only until the next AGM and are eligible to offer themselves for re-election.

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In addition, all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years, in accordance with Rule 720(5) of the Listing Manual of the SGX-ST.

In respect of re-nominations, the NC will consider the individual Director's contribution and performance and whether the Director has adequate time and attention to devote to the Company, in the case of Directors with multiple board representations.

Accordingly, the Board has accepted the NC's nomination of the retiring Directors who have given their consent for re-election at the forthcoming AGM of the Company. The retiring Directors at the forthcoming AGM of the Company are Mr Hadi Daryanto, Mr Ng Cher Yan and Mr Sim Idrus Munandar, who will retire pursuant to Article 94 of the Company's Constitution.

As part of the ongoing Board renewal process in line with the mandatory 9-year tenure limit for independent director to serve on the Board under the new requirements of the SGX-ST Listing Rules, Mr Ng Cher Yan and Mr Sim Idrus Munandar would not offer themselves for re-election under Article 94 of the Company's Constitution and will retire at the conclusion of the forthcoming AGM. They will also be concurrently relinquishing their position as the Chairman and member of the respective Board Committees.

In making the recommendation, the NC has considered the Directors' overall contributions and performance. Each member of the NC shall abstain from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of their own performance or re-election as a Director.

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the retiring Director who seek for re-election as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST is disclosed below:

Name of Director	Hadi Daryanto
Date of Appointment	1 April 2021
Date of last re-appointment (if applicable)	29 April 2022
Age	67
Country of principal residence	Indonesia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Hadi Daryanto as the Non-Executive and Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> • Non-Executive and Independent Director • Board Risk Committee (Member)
Professional qualifications	<ul style="list-style-type: none"> • Doctor Ingenieur (Dr. Ing), Advance Wood Science and Technology • Bachelor's Degree of Forest Management • Diploma Etudiante D'approfondies (D.E.A), Wood Science

CORPORATE GOVERNANCE STATEMENT

Name of Director	Hadi Daryanto
Working experience and occupation(s) during the past 10 years	<p>2022 to current - Special Staff to Minister of Trade Republic Indonesia</p> <p>2015 to 2017 - Director General of Social Forestry and Partnership at Environment and Forestry Ministry</p> <p>2010 to 2015 - Secretary General of Forestry Ministry</p>
Shareholding interest in the listed issuer and its subsidiaries	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Past (for the last 5 years)	2016 to 2020 - Member of Board of Trustee RECOFTC - The Center for People and Forest in Bangkok, Thailand (an International NGO)
Present	2022 to current - Member of Commissioner S.O.E PT. Semen Baturaja Tbk (Public Company)
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No

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Name of Director	Hadi Daryanto
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	

CORPORATE GOVERNANCE STATEMENT

Name of Director	Hadi Daryanto
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

Alternate Director

During FY2023, there were no alternate Director on the Board.

Provision 4.4

Continuous Review of Directors' Independence

The Company has put in place a process to ensure the continuous monitoring of the independence of the Directors whereby the Directors must immediately report any changes in their external appointments that could affect their independence on the Board.

The NC reviews the independence of each Director annually in accordance with the definition of independence in the Code, Practice Guidance and Rule 210(5)(d) of the Listing Manual of the SGX-ST. Each Independent Director has submitted their confirmation of independence for the NC's reviews on an annual basis. For FY2023, the NC has reviewed and confirmed the independence of the Independent Directors of the Company, Messrs Ng Cher Yan, Sim Idrus Munandar, Hadi Daryanto and Ito Sumardi, the Board is of the view that they are independent, taking into account the circumstances set forth in the Code, Rule 210(5)(d) of the Listing Manual of the SGX-ST and any other salient factors.

CORPORATE GOVERNANCE STATEMENT

Provision 4.5

Onboarding Process for New Director

The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a Director of the company.

Directors' Time Commitments

Each director is required to confirm annually to the NC as to whether he or she has any issue with competing time commitments which may impact his or her ability to provide sufficient time and attention to his or her duties as a director of the Company. Based on the Directors' annual confirmation and the Directors' commitments and contributions to the Company, which are also evident in their level of attendance and participation at the Board and Board Committees' meetings, the NC and the Board are satisfied that all the Directors were able to and have been adequately carrying out their duties as Directors of the Company in FY2023.

In addition to the current procedures for the review of the attendance records and analysis of directorships, a policy has also been put in place for the Directors to notify the Board of any changes in their external appointments. This would allow the Director to review his or her time commitments with the proposed new appointment and in the case of an Independent Director, to also ensure that his or her independence would not be affected.

The profile and relevant Information of the members of the Board are set out in the "Board of Directors" section of the Annual Report. In addition, information of the interests of the Directors who held office at the end of the financial year in shares, debentures and share options/awards in the Company and its related corporations (other than the wholly-owned subsidiaries) are set out in the "Directors' Statement" section of the Annual Report.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provision 5.1 and 5.2

Performance Criteria

The Board, through the NC, has used its best effort to ensure that Directors appointed to the Board and Board Committees, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each Director, with his or her special contributions, brings the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has been tasked to assist the Board to develop a performance evaluation framework for the Board, Board Committees and individual Directors, proposed performance criteria and assist in the conduct of the evaluation, analyses the findings and reports the results to the Board.

The NC, together with the Board, has established a formal process setting out the performance criteria for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each individual Director to the effectiveness of the Board to align with the applicable principles and provisions set out in the Code.

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The assessment parameters for each Director include his or her knowledge and abilities, attendance records at the meetings of the Board and Board Committees, and the intensity and quality of participation at meetings. The NC and the Board have relied on the abovementioned parameters to evaluate the Directors' contribution individually and have taken such evaluation into consideration for the re-nomination of the Directors.

On an annual basis, all the Directors are required to complete the following:

- (a) Board Performance Evaluation Questionnaire;
- (b) Individual Director Self-Assessment Form;
- (c) Board Committees Performance Evaluation Questionnaire; and
- (d) Board Competency Matrix.

For FY2023, the NC conducted a formal review of the performance evaluation of the Board, Board Committees and individual Directors, by way of circulating the questionnaires to the Board and Board Committees and self-assessment form to each individual Director for completion. The summary of findings of each evaluation together with the feedback and recommendations from the Board, Board Committees and each individual Director had been discussed and reviewed by the NC.

Board Evaluation Process

The evaluation serves to assess the effectiveness of the Board as a whole on the following parameters:

- (a) Board composition;
- (b) Board conduct of affairs;
- (c) Internal controls and risk management;
- (d) Board accountability;
- (e) CEO performance; and
- (f) Standard of conduct of the Board.

Based on the summary of findings of the evaluation for FY2023 together with the feedback and recommendations from each Director, the NC is satisfied that the Board as a whole had met its performance objective in FY2023.

Board Committees Evaluation Process

The evaluation serves to assess the effectiveness of the Board Committees on the following parameters:

- (a) Establishment of the Board Committees including the membership and duties as recommended by the Code;
- (b) Objective and duties as required under each Terms of Reference;
- (c) Meetings and participation;

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- (d) Authority to investigate;
- (e) Access to any information and full discretion to invite any Director or executive officer to attend its meetings;
- (f) Support to enable each member to discharge its functions properly;
- (g) Duties performed as required under the relevant principles and provisions of the Code; and
- (h) Training and resources.

Based on the summary of the evaluation for FY2023 together with the feedback and recommendations from members of the respective Board Committees, the NC is satisfied that each of the Board Committees had met its performance objective in FY2023.

The primary objective of the Board evaluation exercise is to create a platform for the Board and Board Committees members to provide constructive feedback on the Board procedures and processes and the changes which should be made to enhance the effectiveness of the Board and Board Committees.

The NC has, without the engagement of external facilitator, assessed the Board and Board Committees overall performance to-date and is of the view that the performance of the Board as a whole and Board Committees were satisfactory.

Individual Directors Evaluation Process

The evaluation serves to assess the effectiveness of the individual Directors on the following parameters:

- (a) Attendance at Board and related activities;
- (b) Adequacy of preparation for Board meetings;
- (c) Quality and value of contribution for the meetings;
- (d) Contribution to development of strategy and to risk management;
- (e) Up to date with the corporate governance requirements;
- (f) Knowledge; and
- (g) Interaction with stakeholders.

Based on the summary of the evaluation for FY2023 together with the feedback and recommendations from the respective individual Directors, the NC is satisfied that each of the individual Directors had met its performance objective in FY2023.

The individual Director evaluation exercise assists the NC in determining whether to re-nominate Directors who are due for retirement at the forthcoming AGM of the Company, and in determining whether Directors with multiple board representations are able to and have adequately discharged their duties as Directors of the Company.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or his re-nomination as Director.

CORPORATE GOVERNANCE STATEMENT

The NC reviewed the mix of skills and experiences of the Directors that the Board requires to function competently and efficiently in achieving the Group' strategic objectives. When reviewing the Board's performance for FY2023, the NC is satisfied that the Board has a good mix of skills and expertise to meet the needs of the Group and noted the following points:

- (i) Feedback received from the Directors and acted on their comments accordingly; and
- (ii) Individual Director's attendance at meetings of the Board, Board Committees and general meetings, individual Director's functional expertise and his commitment of time to the Company.

The Chairman, in consultation with the NC, will, if necessary, propose steps to be undertaken to strengthen the Board's leadership so as to improve the effectiveness of the Board's oversight of the Company.

(II) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: *The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and KMP. No director is involved in deciding his or her own remuneration.*

Provision 6.1

Roles and Duties of RC

The Board established the RC with written Terms of Reference which clearly set out its authority and duties, and report to the Board directly.

The responsibilities and principal functions of the RC, as set out in its Terms of Reference, include:

- (a) determining the Company's remuneration policies. In doing so, it should also consider the Company's risk appetite and ensure that the policies are aligned to long-term goals;
- (b) ensure that the level and structure of remuneration of the Board and KMP are appropriate and proportionate to the sustained performance and value creation of the Company;
- (c) set the remuneration policy for Directors (both Executive Directors and Non-Executive Directors) and KMP;
- (d) recommend proposed Non-Executive Directors' fees for shareholders' approval;
- (e) monitor the level and structure of remuneration for KMP relative to the internal and external peers and competitors;
- (f) ensure that the remuneration of the Non-Executive Directors is appropriate to the level of contribution;
- (g) review the remuneration of employees related to the Directors, CEO or substantial shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;

CORPORATE GOVERNANCE STATEMENT

- (h) review the ongoing appropriateness and relevance of the Company's remuneration policy (including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered) and other benefit programmes (where appropriate);
- (i) obtain reliable, up-to-date information on the remuneration practices of other companies and the relevant market benchmarks through the appointment of external consultants;
- (j) oversee any major changes in employee benefits or remuneration structures;
- (k) review the design of all long-term and short-term incentive schemes for approval by the Board and shareholders;
- (l) ensure that the contractual terms and any termination payments are fair to the individual and the Company. Poor performance should not be rewarded;
- (m) set performance measures and determine targets for any performance-related pay schemes operated by the Company;
- (n) ensure that a significant and appropriate proportion of Executive Directors' and KMP remuneration is structured so as to link rewards to corporate and individual performance;
- (o) work and liaise, as necessary, with all other Board Committees on any other matters connected with remuneration matters; and
- (p) undertake such other functions and duties as may be required by the Board under the Code, statute or the Listing Manual of the SGX-ST (where applicable).

The RC recommends to the Board for endorsement, a framework of remuneration and the specific remuneration packages and terms of employment for each Director and KMP, to ensure that Directors are adequately but not excessively remunerated.

Provision 6.2

RC Composition

As at the date of this report, the RC comprises the following three (3) members, all of whom, including the RC Chairman, are Non-Executive and Independent Directors:

Ito Sumardi	Chairman
Ng Cher Yan	Member
Sim Idrus Munandar	Member

Provision 6.3

Remuneration Packages and Framework

The RC reviews and recommends to the Board the remuneration packages or policies for the Executive Director/CEO and the KMP based on the performance of the Group, the individual Director and the KMP. No Director individually decides or is involved in the determination of his or her own remuneration. The RC's recommendations are submitted for endorsement by the Board.

CORPORATE GOVERNANCE STATEMENT

The RC reviews the terms and conditions of service agreements of the CEO before their execution. In the course of such review, the RC will consider the Group's obligations arising in the event of termination of Executive Director and KMP, to ensure that the service agreements contain fair and reasonable termination clauses and are not overly generous so as to avoid rewarding poor performance.

The service agreement entered into with the CEO is renewable automatically every three (3) years, such renewal being subject to the confirmation of the Board. None of the Non-Executive Directors is on a service contract with the Company.

Provision 6.4

Engagement of Remuneration Consultants

The RC has access to advice from the internal human resource department and, if necessary, the RC may seek advice from external professionals in the field of executive compensation and related matters of which the expenses will be borne by the Company. No external consultant was engaged by the Company in FY2023.

LEVEL AND MIX OF REMUNERATION

Principle 7: *The level and structure of remuneration of the Board and KMPs are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

Provision 7.1

Remuneration of Executive Directors and KMP

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and to attract, retain and motivate Directors and KMP. It also motivates the Directors to provide good stewardship of the company and KMP to successfully manage the Company for the long term. The remuneration packages take into account the performance of the Group, the individual Directors and individual KMP.

The remuneration structure of the Executive Director and KMP comprises both fixed and variable components. The variable component is linked to the Group/Company's performance as well as the performance of the individual personnel. Such performance-related remuneration is designed to align with the interests of shareholders and other stakeholders and promote long-term success of the Group.

Having reviewed and considered the variable components in the remuneration packages of the Executive Director and KMP, the RC is of the view that the remuneration packages of the Executive Director and KMP, which include a fixed component and a variable component linked to the Company's performance, is aligned to the interest of shareholders and are not excessive. The variable portion is linked to individual performance, and is dependent on the performance of the Group, as well as the contribution of the individual to the Group's performance.

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the Executive Director/CEO, and KMP commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Director/CEO (together with other KMP) is reviewed periodically by the RC and the Board.

CORPORATE GOVERNANCE STATEMENT

Samko Timber Performance Share Plan

Samko Timber Performance Share Plan (the “**Samko PSP**”) was approved by the shareholders at the extraordinary general meeting (“**EGM**”) of the Company held on 27 April 2018.

The Samko PSP is a performance incentive share plan which forms an integral part of the Group’s incentive compensation program. The Samko PSP aims to promote higher performance goals, and recognise and reward the contributions made by the eligible CEO and/or an Executive Director. The Samko PSP contemplates the contingent award of fully-paid shares after certain pre-determined benchmarks have been met.

The Samko PSP is administered by the administration committee comprising members of the NC and RC of the Company (“**Administration Committee**”) in its absolute discretion, with such powers and duties as are conferred on it by the Board. The Administration Committee determines and approves the allocation of the share awards, the date of grant and the price thereof under the Samko PSP. Details of the Samko PSP were set out in the Company’s Circular dated 12 April 2018.

Details of the Samko PSP are disclosed in the Directors’ Statements on pages 74 to 77 and in the notes to the financial statement on pages 91 to 154.

Claw-back Provisions

The Company does not use contractual provisions to allow the Group to reclaim incentive components of remuneration from the CEO and KMP in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The CEO owes a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the CEO in the event of such breach of fiduciary duties.

Provision 7.2

Remuneration of Non-Executive Directors

The Board comprises of 6 (six) Non-Executive Directors. Directors’ fees are set in accordance with a remuneration framework based on the level of responsibility and scope of work. The CEO does not receive any Directors’ fee, whilst the Non-Executive Directors are paid Directors’ fees in accordance with their level of contributions, taking into account factors such as efforts and time spent, as well as responsibilities and obligations of the Directors. The Independent Directors have not been over-compensated to the extent that their independence is compromised. Directors’ fees are recommended by the Board for approval by the shareholders at the AGM of the Company. The Board has endorsed the remuneration framework.

For FY2023, the RC had met to review, determine, and recommend to the Board, the payment of Directors’ fees for the financial year ending 31 December 2024, payable quarterly in arrears, which are subject to the shareholders’ approval at the forthcoming AGM of the Company.

CORPORATE GOVERNANCE STATEMENT

Provision 7.3

Comparative, Attractive, and Motivative Remuneration Package

The RC also considered, in consultation with the CEO, amongst other things, their responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain and motivate Directors and KMP. The remuneration packages take into account the performance of the Group, the individual Directors and individual KMP.

The Company advocates a performance-based remuneration system for Executive Director and KMP that is flexible and responsive to the market, comprises primarily a basic salary component, an annual supplement equivalent to one month basic salary during each Muslim Hari Raya month and a variable component which is inclusive of bonuses and other benefits based on the Group's performance and the individual's performance such as management skills, process skills, people skills and business planning skills. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1

Remuneration Criteria

The compensation packages for employees including the Executive Director/CEO and the KMP comprised a fixed component (base salary), a variable component (cash-based annual bonus) and benefits-in-kind, where applicable, taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices.

An annual review of the compensation is carried out by the RC to ensure that the remuneration of the Executive Director/CEO and KMP commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Director/CEO (together with other KMP) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

Notwithstanding that it is a variation from Provision 8.1 of the Code, the Company wishes to disclose the remuneration of the Executive Director in bands of S\$250,000 for FY2023. The Company is of the view that the intent of Principle 8 was met, as the remuneration policies and the procedure for setting remuneration applicable to the Executive Director/CEO and the KMP are described above, and the level and mix of remuneration is disclosed in the table below.

CORPORATE GOVERNANCE STATEMENT

Disclosure on Fees and Remuneration of Directors

A breakdown of the level and mix of the remuneration payable to each individual Director for FY2023 are set out below:

Name of Director	Salary ⁽¹⁾ (%)	Bonus ⁽¹⁾ and/ or profit sharing (%)	Directors' fee (%)	Allowances and other benefits (%)	Total (%)
Present Director					
S\$1,000,000 to below S\$1,250,000					
Riko Setyabudhy Handoko ⁽²⁾	63.7	-	-	36.3	100%
Below S\$250,000					
Michael Joseph Sampoerna	-	-	100	-	100%
Eka Dharmajanto Kasih	-	-	100	-	100%
Ng Cher Yan	-	-	100	-	100%
Sim Idrus Munandar	-	-	100	-	100%
Ito Sumardi	-	-	100	-	100%
Hadi Daryanto	-	-	100	-	100%

Note:

- (1) The salary and bonus amounts shown are inclusive of Singapore Central Provident Fund ("CPF") contributions.
 (2) Mr Riko Setyabudhy Handoko is also the CEO of the Company.

The aggregate remuneration paid to the Directors is set out on page 140 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

Disclosure on Remuneration of KMP

A breakdown of the ranges of gross remuneration paid in FY2023 to the Group's KMP (who are not Directors or the CEO) in the Company and in the Group's subsidiaries, excluding any associated companies are set out below:

Name of KMP	Salary ⁽¹⁾ (%)	Allowances and other benefits (%)	Total (%)
S\$250,000 to below S\$500,000			
Edward Tombokan	75.2	24.8	100%
Rudiyanto Tan	60.5	39.5	100%
Johanes Ibrahim Tjendana	74.3	25.7	100%
Andrew Wardoyo	68.1	31.9	100%
Fredson Kotamena	70.4	29.6	100%
Below S\$250,000			
Hendry Susanto	68.9	31.1	100%
Arief Zakaria	74.6	25.4	100%
Alvin Puspowidjono	70.3	29.7	100%

Note:

(1) The salary and bonus amounts shown are inclusive of Singapore CPF contributions.

The RC will review the remuneration of the Directors and KMP from time to time.

Save as disclosed above, the Code recommends that:

- (a) the Company should fully disclose the remuneration of each individual Director and the CEO on a named basis;
- (b) the Company should disclose the details of the remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder, in incremental bands of S\$100,000; and
- (c) the Company should disclose in aggregate the total remuneration paid to at least the top five (5) KMP (who are not Directors or the CEO).

The total remuneration paid to the top eight (8) KMP is set out on page 140 of this Annual Report.

All Directors and KMP are remunerated on an earned basis and there were no termination, retirement and post-employment benefits granted during FY2023.

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The Board supports and is aware of the need for transparency. However, after deliberation and debate, the Board is of the view that as the remuneration packages are confidential and sensitive in nature, full disclosure of the specific remuneration of each individual Director and the CEO is not in the best interest of the Company. *Inter alia*, the Board has taken into account the very sensitive nature of the matter, the relative size of the Group, the highly competitive business environment the Group operates in, the competitive pressures in the talent market and the irrevocable negative impact such disclosure may have on the Group and which would place the Group in a competitively disadvantageous position.

After taking into account the reasons for non-disclosure stated above, the Board is of the view that the current disclosure of the remuneration presented herein in this report is sufficient to provide shareholders information on the Group's remuneration policies, as well as the level and mix of remuneration. The Board has determined that there is sufficient transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation. Accordingly, the Board believes that the existing practices adopted by the Company are consistent with the intent of Principle 8 of the Code.

Provision 8.2

Disclosure on Remuneration of Employee related to Directors/CEO/Substantial Shareholders

There were no employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 during FY2023.

Provision 8.3

Details of Employee Share Scheme

No share awards under Samko PSP was granted in FY2023.

No remuneration or compensation was paid or is to be paid in the form of share options, since the Company does not currently have any plan to implement share option.

(III) ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1

Nature and Extent of Risks

The Board is responsible for the governance of risk and sets the direction for the Group in the way risks are managed in the Group's businesses. The Board believes in the importance of maintaining a sound system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems to safeguard the interests of the shareholders and the Group's assets.

CORPORATE GOVERNANCE STATEMENT

To achieve this, internal reviews are constantly being undertaken to ensure that the system of internal controls maintained by the Group is sufficient to provide reasonable assurance that the Group's assets are safeguarded against loss from unauthorised use or disposition, transactions are properly authorised and proper financial records are being maintained.

Board Risk Committee

The Board had established a BRC to assist the Board to ensure that the Group maintains a robust and effective system of internal controls and to evaluate the adequacy of the Group's internal controls that address the Group's financial, operational, compliance and information technology controls, and risk management systems.

The BRC comprises the following six (6) members, four (4) of whom, including the BRC Chairman, are Non-Executive and Independent Directors:

Sim Idrus Munandar	Chairman
Eka Dharmajanto Kasih	Member
Riko Setyabudhy Handoko	Member
Ng Cher Yan	Member
Ito Sumardi	Member
Hadi Daryanto	Member

The responsibilities and principal functions of the BRC, as set out in its Terms of Reference, include:

- (a) oversee and review the adequacy and effectiveness of the Company's risk management function;
- (b) overseeing Management in establishing the risk management framework of the Company;
- (c) regularly review the risk management framework; and
- (d) undertake and perform other responsibilities and reporting of the Company.

The BRC met two (2) times during FY2023 to review the enterprise risk management which focused on the operational, financial, compliance and information technology aspects of the Group. The Chairman of the BRC had reported the findings and recommendations to the Board during the Board meetings.

The BRC has reviewed the Group's financial controls and risk management policies and processes and based on its assessment and reports of the external auditors and internal auditors, the BRC is assured that adequate and effective internal controls are in place.

As for the operational and compliance controls, the Group has periodically reviewed these control areas through the various heads of department and has continuously made improvements with the assistance of the in-house internal audit team.

CORPORATE GOVERNANCE STATEMENT

Provision 9.2

Assurance from the CEO, Chief Financial Officer (“CFO”) and KMP

The Board and the AC has reviewed, with the assistance of the internal and external auditors, the adequacy and effectiveness of the Group’s internal controls, including financial, operational, compliance and information technology controls, and risk management systems annually. The assessment considered issues dealt with in reports reviewed by the Board during FY2023 together with any additional information necessary to ensure that the Board has considered all significant aspects of risks and internal controls for the Group for FY2023.

The Board has received written assurance from the CEO and CFO that, as at 31 December 2023, the Group’s financial records have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances.

The Board has also received written assurance from the CEO and the representative of KMPs that the system of internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place were adequate and effective as at 31 December 2023 to address the risks that the Group considers relevant and material to its business operations.

Based on the internal controls maintained by the Group, work performed by the internal audit team and the BRC during the financial year under review, as well as the statutory audit by the external auditors, and the reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls in place by the Group, is adequate and effective to address all material aspects of the financial, operational, compliance and information technology controls, and the risk management systems, are adequate and effective to meet the needs of the Group for the type and volume of businesses conducted in the current business environment.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as the Group strives to achieve its’ business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Information in relation to the Group’s risk management objectives and policies is disclosed in the notes to the financial statement on pages 91 to 154.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provision 10.1

Roles and Duties of Audit Committee

The Board established the AC with written Terms of Reference which clearly set out its authority and duties, and report to the Board directly.

The responsibilities and principal functions of the AC, as set out in its Terms of Reference, include:

- (a) review the financial reporting issues and judgements so as to ensure the integrity of financial statements, and of announcements on the Company’s financial performance and recommend changes;

CORPORATE GOVERNANCE STATEMENT

- (b) oversee and review the adequacy and effectiveness of the Company's risk management function;
- (c) overseeing Management in establishing the risk management framework of the Company;
- (d) review and report to the Board at least annually on the adequacy and effectiveness of the Company's risk management and internal controls;
- (e) review the adequacy, effectiveness, independence, scope and results of the Company's internal audit function;
- (f) review the scope and results of the external audit, and the independence and objectivity of the external auditors;
- (g) recommend to the Board the appointment, reappointment and removal of the external auditors, and its remuneration and terms of engagement;
- (h) ensure that the Company complies with the requisite laws and regulation;
- (i) ensure that the Company has programmes and policies in place to identify and prevent fraud;
- (j) oversee the establishment and operation of the whistleblowing process in the Company;
- (k) review all IPT and related party transactions; and
- (l) undertake such other functions and duties as may be required by the Board under the Code, statute or Listing Manual of the SGX-ST (where applicable).

Apart from the duties listed above, the AC will:

- (a) Commission and review the findings of internal investigations into any matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Company's operating results and/or financial position; and
- (b) Ensure that the appropriate follow-up actions are taken.

External Audit Function

The AC reviews the scope and results of the audit carried out by the external auditors, the cost effectiveness of the audit and the independence and objectivity of the external auditors. It always seeks to balance the maintenance of objectivity of the external auditors and their ability to provide value-for-money professional services.

BDO LLP was appointed as the external auditors at the EGM held on 4 December 2023 until the conclusion of the forthcoming AGM. The aggregate amount of audit fees paid to the former auditors, Moore Stephens LLP, for the period from 1 January 2023 to 13 October 2023 was S\$160,000 and the current auditors, BDO LLP, for the period from 4 December 2023 to 31 December 2023 was nil. There were no non-audit fees paid to Moore Stephens LLP and BDO LLP in FY2023.

The AC recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors. The re-appointment of the external auditors is always subject to shareholders' approval at the AGM of the Company.

CORPORATE GOVERNANCE STATEMENT

In reviewing the nomination of BDO LLP for re-appointment for the financial year ending 31 December 2024, the AC has considered the adequacy of the resources, experience of their audit engagement partner and competence of audit team assigned to the Group's audit, given the size and complexity of the Group. The AC has also taken into account the Audit Quality Indicators relating to BDO LLP's firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. The Board also considered the audit team's ability to work in a cooperative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines.

BDO LLP has confirmed that they are a Public Accounting Firm registered with Accounting and Corporate Regulatory Authority and provided a confirmation of their independence to the AC.

On the basis of the above, the AC and the Board are satisfied with the standard and quality of work performed by BDO LLP and that the appointment of external auditors is in compliance with the requirements of Rule 712 of the Listing Manual of the SGX-ST. Accordingly, the AC has recommended the re-appointment of BDO LLP as external auditors for the ensuing year be tabled for shareholders' approval at the forthcoming AGM of the Company.

In accordance with the requirements of Rule 715 of the Listing Manual of the SGX-ST, the AC and the Board, having reviewed the appointment of different auditors for the Company's subsidiaries, are satisfied that these appointments would not compromise the standard and effectiveness of the audit of the Group.

Whistle Blowing Policy

The Company has adopted a Whistle-Blowing Policy which provides well-defined and accessible channels in the Group through which employees and others may raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware and to ensure that:

- (i) independent investigations are carried out in an appropriate and timely manner;
- (ii) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and
- (iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balance and fair, while providing reassurance that employees and others will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

The Group also extended the Whistle-Blowing Policy to members of the public as well by means of the Company's corporate website where employees of the Group and external parties may make a report to the Chairman of the AC via email to raise their potential concerns under the Whistle-Blowing Policy. The objective for such arrangements is to ensure independent investigation of matters raised and to allow appropriate actions to be taken. All such investigations are undertaken by an appointed manager, if appropriate, who reports directly to the Chairman of the AC.

The Group will treat all information received confidentially and protect the identity and the interest of all whistleblowers, and the whistleblower will not be subject to detrimental or unfair treatment. The Whistle-Blowing Policy and procedures are reviewed by the AC from time to time to ensure they remain relevant. The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action.

CORPORATE GOVERNANCE STATEMENT

The AC did not receive any reports of whistle-blowing incidents during FY2023 and up to the date of this report.

Provisions 10.2 and 10.3

Audit Committee Composition

The AC comprises the following three (3) members, all of whom, including the AC Chairman, are Non-Executive and Independent Directors:

Ng Cher Yan	Chairman
Sim Idrus Munandar	Member
Hadi Daryanto	Member

The Board is of the opinion that the AC members are appropriately qualified to discharge their responsibilities. Two (2) of the members, Mr Ng Cher Yan and Mr Sim Idrus Munandar, have accounting or related financial management background, while Mr Hadi Daryanto's expertise is in forestry plantation and forestry industry. All AC members have many years of experience in accounting and/or finance related expertise and experience.

As the Lead Independent Director and the AC Chairman, Mr Ng Cher Yan's scope of works also include leading the AC in its' role in reviewing IPT undertaken by the Group and being available to shareholders where they have concerns which have been raised through the normal channels of the Chairman or the CFO and Head of Finance and Accounting but have not been resolved or for which such contact is inappropriate.

The AC members take measures to keep abreast of changes of accounting standards and issues which have a direct impact on financial statements through attending training and seminars as well as receiving updates from the Group's external auditors.

None of the AC members is a former partner or Director of the Company's existing auditing firm or auditing corporation within a period of two (2) years commencing on the date of his ceasing to be partner of the auditing firm or a Director of the auditing corporation; and in any case, a person has any financial interest in the auditing firm or auditing corporation.

Provision 10.4

Internal Audit Function

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard the shareholders' investments and the Group's assets. The AC has been assigned to oversee and ensure that such a system has been appropriately implemented and monitored.

The Company has an in-house internal audit team to review the effectiveness of the Group's internal controls, including the adequacy of the Group's internal financial, operational, compliance and information technology controls. Internal audit findings, recommendations and actions taken by Management on the recommendations were reported to the AC. The in-house internal audit team is independent and carries out its activities in accordance with the Standards for the Professional Practice of Internal Auditing.

CORPORATE GOVERNANCE STATEMENT

The in-house internal audit team primary line of reporting is to the AC Chairman and the AC will continue on an annual basis:

1. To review the adequacy of the Group's internal controls;
2. To review the adequacy of the internal audit function, its activities and organizational structure to ensure that no unjustified restrictions or limitations are imposed;
3. To review and approve the annual internal audit plan to ensure that there is sufficient coverage of the Group's activities; and
4. To oversee the implementation of the internal audit plan and ensure that Management provides the necessary co-operation to enable the in-house internal audit team to perform its functions and duties. All improvements to controls recommended by the in-house internal audit team and accepted by the AC will be monitored for implementation.

The AC is satisfied that the in-house internal audit team or Head of Internal Audit is a qualified and experienced personnel. The in-house internal audit team comprises five (5) employees including the Head of Internal Audit who possess the relevant qualifications and experience. The internal audit function has unfettered access to all Company's documents, records, properties, including the AC.

The in-house internal audit team plans its internal audit schedules in consultation with, but independent of, Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work.

The AC reviews the activities of the in-house internal audit team on a regular basis, including overseeing and monitoring the implementation of the improvements required on internal control weaknesses identified. The AC reviews the adequacy and effectiveness of the internal audit functions on an annual basis and is satisfied with its adequacy and effectiveness.

Access Information by Internal Audit Function

The AC is authorised by the Board to investigate any matters within its Terms of Reference. It has unrestricted access to information pertaining to the Group, to both internal and external auditors, and to all employees of the Group. Reasonable resources have been made available to the AC to enable it to discharge its duties properly.

Provision 10.5

Meeting Auditors without the Management

The AC met at least two (2) times to review the audit plan/report, the audit findings, the reports on IPT, the reports on internal audit activities for the year (including updates on the findings in relation thereto) and the announcements of the half year and full-year results before being approved by the Board for release to the SGX-ST.

The AC met with the external auditors and Head of Internal Audit, without the presence of the Company's Management at least once a year. The AC had reviewed the independence of the external auditors and is satisfied that the nature and extent of the non-audit services provided by the external auditors will not prejudice the objectivity and independence of the external auditors.

CORPORATE GOVERNANCE STATEMENT

Audit Committee Activities

In FY2023, the AC had, among others, carried out the following activities:

- (a) reviewed the half year and full year financial statements announcements of the Group, and recommended to the Board for approval and release to the SGX-ST via SGXNet;
- (b) reviewed the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems;
- (c) reviewed IPT of the Group;
- (d) reviewed and approved the annual audit plan of the external auditors;
- (e) reviewed and approved the internal audit plan of the internal auditors, having considered the scope of the internal audit procedures;
- (f) reviewed the effectiveness of the Group's internal audit function;
- (g) reviewed the audit findings of the internal auditors and Management's responses to those findings;
- (h) reviewed the independence of the external auditors;
- (i) reviewed the annual re-appointment of the external auditors and determined their remuneration, and made a recommendation for the Board's approval; and
- (j) met with the external auditors and Head of Internal Audit once without the presence of Management.

In the review of the financial statements, the AC has discussed with Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The significant matter impacting the financial statements was discussed with Management and the external auditors, and was reviewed by the AC, as further described in pages 79 to 81 of this Annual Report.

(IV) SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

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CORPORATE GOVERNANCE STATEMENT

2023 AGM

The 2023 AGM was held by way of electronic means with real-time electronic voting and real-time electronic communication pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the “**Ministerial Order**”) and the directive issued by Singapore Exchange Regulation Pte Ltd on 23 May 2022. Shareholders attended at the 2023 AGM participated “live” voting in respect of the resolutions tabled at the meeting and were also given the opportunity to submit written questions prior to and “live” at the 2023 AGM.

2024 AGM

The Ministerial Order ceased on 1 July 2023. Pursuant to recent legislative amendments (with effect from 1 July 2023) to the Companies Act, as read with Listing Rule 730A of the SGX-ST Listing Manual and recent practice guidance amendment by the SGX-ST on the conduct of general meetings by issuers on and after 1 July 2023, listed companies are required to hold all their general meetings either at a physical place in Singapore, or at a physical place in Singapore and using virtual meeting technology.

The 2024 AGM will be held in a wholly physical format. There will be no option for shareholders to participate virtually. Shareholders will also be given the opportunity to submit written questions prior to the 2024 AGM, and all substantial and relevant comments and queries will be responded to within a reasonable timeframe, prior to the 2024 AGM, through publication on SGXNet and the Company’s corporate website. Details of the meeting and voting procedures for 2024 AGM are set out in the Notice of AGM. Shareholders will continue to be able to proactively engage the Board and Management on the Group’s business activities, financial performance and other business-related matters.

Provision 11.1

Shareholders’ Participation in General Meetings

The Company is open to meetings with investors and analysts, and in conducting such meetings, the Company is mindful of the need to ensure timely, accurate, fair and transparent disclosure of information.

All general meetings are conducted physically and all registered shareholders attending such meetings are entitled to vote in accordance with established voting rules and procedures which are explained during the general meetings. Rules governing general meetings are also explained during the general meetings.

Shareholders are informed of shareholders’ meetings through notices contained in annual reports or circulars sent to all shareholders. Copies of the annual report, the circular and the notices of the AGM and/or EGM, where applicable, are sent to every shareholder of the Company. The notices of the general meetings are also published in a major local newspaper and announced via SGXNet and made available on the Company’s corporate website at <https://www.sampoernakayoe.co.id>.

In order to provide ample time for the shareholders to review, the notice of AGM, together with the annual report, is distributed to all shareholders fourteen (14) days before the scheduled AGM date. Shareholders are encouraged to attend the general meetings to ensure a high level of participation and accountability.

The Company allows any shareholder (who is not a relevant intermediary), who is unable to attend the general meetings in person, to appoint not more than two (2) proxies to attend and vote in his or her place at the general meetings via proxy forms submitted in advance (i.e. not less than forty-eight (48) hours before the time appointed for holding the general meeting). The proxy form is sent with the notice of general meetings to all shareholders.

CORPORATE GOVERNANCE STATEMENT

On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as “relevant intermediary” to attend and participate in general meetings without being constrained by the two-proxy requirements. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and Central Provident Fund Board which purchases shares on behalf of the Central Provident Fund investors. A proxy need not be a member of the Company.

The Company strongly encourages shareholder participation during the AGMs and/or EGMs, if any. Shareholders are able to proactively engage the Board and Management on the Group’s business activities, financial performance and other business-related matters. Shareholders are invited to put forth any questions they may have on the motions to be debated and decided upon.

Provision 11.2

Conduct of Resolutions and Voting

In support of greater transparency of the voting process and to enhance shareholders’ participation, the Company puts all resolutions proposed at the general meetings to vote by poll since 2016.

Each distinct issue requiring shareholders’ approval is proposed as a separate resolution at the general meetings. In addition, shareholders’ participation is encouraged at the general meetings to ensure a high level of accountability and to be informed of the Group’s strategy and goals.

Shareholders who are present in person or represented by proxies will be entitled to one vote for each share held. A scrutineer is appointed to count and validate the votes cast at the general meetings. The total number of votes cast for and against each resolution and the respective percentage are announced and released to the SGX-ST via SGXNet.

Resolutions are passed through a process of voting by poll and shareholders are entitled to vote in accordance with established voting rules and procedures. Shareholders are informed of the voting procedures prior to the commencement of voting by poll. The poll results in favour and against for each resolution put forth are presented during the AGMs and/or EGMs.

Provision 11.3

Interaction with Shareholders

At general meetings, shareholders are given the opportunity to raise questions to the Directors and Management relating to the Company’s business or performance. Management, as well as the respective Chairmen of the Board, AC, NC, RC and BRC will be present to assist the Directors in addressing all comments or queries raised by shareholders at such general meetings. The external auditors will also be present at the AGM to address shareholders’ queries on the conduct of the audit and the preparation and content of the auditor’s report.

CORPORATE GOVERNANCE STATEMENT

Provision 11.4

Absentia Voting

Voting in absentia, which is currently not permitted, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the web are not compromised, and legislative changes are effected to recognise remote voting.

The Company has decided, for the time being, not to implement voting in absentia through mail, electronic mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

Provision 11.5

Minutes of General Meetings

The proceeding of each of the general meetings will be properly recorded, including substantial or relevant comments or queries from shareholders relating to the agenda of the general meetings and responses from the Board and Management. All minutes of the general meetings, which include comments and the questions raised by shareholders, together with the responses from the Board and Management, will be available on the Company's corporate website and SGXNet within one (1) month from the general meetings.

Provision 11.6

Dividend Policy

The Company does not have a formal dividend policy. Any future dividends that the Directors may recommend or declare in respect of any particular financial year or period will depend on the Group's earnings, financial position, results or operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate.

The Board has not declared or recommended dividends for FY2023, as the Directors are of the view that it can be better use the cash for working capital to support the business operation of the Group at this juncture.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1

Communication with Shareholders

The AGM is the principal forum for dialogue with shareholders. The Company recognises the value of feedback from shareholders. During the general meetings, shareholders are given ample time and opportunities to air their views and concerns. All the Directors will endeavour to attend the AGMs and EGMs, and shareholders will be given the chance to share their thoughts and ideas or ask questions relating to the resolutions to be passed or on other corporate and business issues.

CORPORATE GOVERNANCE STATEMENT

The Company believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' views and addressing their concerns where possible. The Company's officers promptly communicate with its shareholders and analysts whenever appropriate and attend to their queries or concerns. The Company's officers also manage the dissemination of corporate information to the media, public, institutional investors and public shareholders, and act as a liaison point for such entities and parties.

The Company believes in maintaining regular dialogue with shareholders and it encourages shareholders' participation at general meetings and analyst briefings which also act as a platform to solicit and understand the views of shareholders and to address shareholders' concerns.

Provisions 12.2 and 12.3

Investor Relations Practices

The Company does not have an Investor Relations Policy in place. However, the Board's policy is that all shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNet on an immediate basis, in line with the Group's disclosure obligations pursuant to the Listing Manual of the SGX-ST and the Companies Act. There is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost-effective.

The Company will assess the need to have such a policy as and when there is a substantial increase in such correspondence.

Disclosures of Information

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes and challenges in the Group's business which could have a material impact on the share price or value.

The Board understands its responsibility and provides to the shareholders on a timely basis a balanced and understandable assessment of the Group's performance, position and prospects when presenting interim and other price sensitive public reports, and reports to regulators (if required). The Board also ensures full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Rules, including the release of the Group's half-year and full year financial statements results announcements. Strong emphasis is placed on removing technical jargon and using simple language for clarity. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable.

In line with the continuous disclosure obligations of the Company, under the Listing Manual of the SGX-ST and the Companies Act, the Board has established a policy to inform shareholders promptly of all major developments that may impact materially on the Company and/or the Group.

Communication to shareholders is normally made through:

- (a) annual reports that are prepared and issued to all shareholders;
- (b) annual and half year financial statements announcements containing a summary of the financial information and affairs of the Group for the period;
- (c) notices and explanatory memoranda for general meetings;

CORPORATE GOVERNANCE STATEMENT

- (d) disclosures to the SGX-ST via SGXNet; and
- (e) press/media releases.

The Board recognises that it is accountable to shareholders for the Group's performance. The Board believes in transparency and strives towards timeliness in the dissemination of material information to the Company's shareholders and the public on a timely and non-selective basis. Pertinent information will be disclosed to shareholders through the SGXNet and press releases (if any) in a fair and equitable manner.

The Company does not practice selective disclosure of material information. The Group makes all necessary disclosures to the public via SGXNet. The Group values dialogue with its shareholders and believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' views and addressing their concerns where possible.

All material information relating to the Group's and Company's performance and developments are disclosed in a timely, accurate and comprehensive manner through SGXNet. The Company's corporate website also contains salient information relating to the Group, including details about its current property development project as well as the contact details for stakeholders to contact the Group's corporate headquarters in Singapore. The Company does not practice selective disclosure of material information.

(V) MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1

Stakeholders' Engagement

The Company and the Group has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long-term growth.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations. Six (6) stakeholders' groups have been identified through an assessment of their significance to the business operations. They are namely, employees, investors/shareholders, customers and consumers, local communities, suppliers and service providers, and government and regulators.

CORPORATE GOVERNANCE STATEMENT

Provision 13.2

Strategy and Key Areas of Focus

The Company and the Group have undertaken a process to determine the economic, environmental, social and governance issues, which important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually.

Sustainability Reporting

The Board believes that it is integral for the Group's success to have long-term growth and development in a sustainable manner and considers sustainability issues as part of its strategic formulation.

The Company upholds high standards of responsible, sustainable and socially aware business practices and is committed to incorporating sustainability in its corporate culture and improving the economic, environmental and social wellbeing of our stakeholders. The Company balances economic viability with sustainability and social progress for future generations.

Detailed approach to the stakeholder engagement and materiality assessment (including commitments, key areas of focus and activities) will be disclosed in the 2023 Sustainability Report and will also be published on the Company's corporate website and made available on the SGXNet.

Provision 13.3

Corporate Website

To promote regular, effective and fair communication with shareholders, the Company maintains a corporate website at <https://www.sampoernakayoe.co.id> through which shareholders are able to access up-to-date information on the Group. The corporate website provides annual reports, financial information, stock information, profiles of the Group, and contact details of the investor relations of the Group.

(VI) DEALINGS IN SECURITIES

The Company has adopted an internal Code of Best Practices on dealings in the securities to provide guidance to the officers, including Directors, of both the Company and its subsidiaries with regard to dealings in the Company's securities.

The Code of Best Practices prohibits the officers of the Group from dealing in the Company's securities during the period commencing one (1) month before the announcement of the Company's half-year and full-year financial results and ending on the date of announcement of such results on the SGX-ST, or when they are in possession of the unpublished price sensitive information of the Group. Notifications of the 'closed window' periods are sent to all officers concerned.

The Directors are also required to notify the Company of any dealings in the Company's securities within two (2) days of the transaction and to submit an annual confirmation of their compliance with the Code of Best Practices.

In addition, the Directors and Officers of the Group are discouraged from dealing in the Company's securities on short-term considerations.

CORPORATE GOVERNANCE STATEMENT

(VII) INTERESTED PERSON TRANSACTIONS

The Company has established internal control procedures to ensure the transactions with interested persons are properly reviewed and approved by the AC and conducted at arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The aggregate value of all transactions with interested persons (as defined in Chapter 9 of the Listing Manual of the SGX-ST) for FY2023 are set out below:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial period under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
		Rp'million	Rp'million
PT Sampoerna Land - Office rental	Mr Michael Joseph Sampoerna,	7,411	-
PT Bank Sahabat Sampoerna - Finance expense	a Director of the Company, together with his immediate family, holds more than 30% of the shareholding interests (direct and indirect)	9,463	-

(VIII) MATERIAL CONTRACTS

Save as disclosed in the above IPT section, the service agreement between the CEO and Executive Director and the Company, and the financial statements, there were no other material contracts of the Company or any of its subsidiaries, involving the interests of the CEO, Directors or controlling shareholders subsisting at the end of FY2023 or have been entered into since the end of the previous financial year.

DIRECTORS' STATEMENT

The Directors of Samko Timber Limited (the "Company") present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023.

1. Opinion of the Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2023, and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, the financial statements have been prepared on a going concern basis after taking into consideration the availability of bank facilities which will enable the Group and the Company to pay their debts as and when they fall due, and that the Group will continue to improve its operating performance and generate sufficient cash flows from its operations to meet its working requirements, as disclosed in Note 3 to the financial statements.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Eka Dharmajanto Kasih	Non-Independent and Non-Executive Chairman
Riko Setyabudhy Handoko	Executive Director and Chief Executive Officer
Michael Joseph Sampoerna	Non-Independent and Non-Executive Director
Ng Cher Yan	Lead Independent and Non-Executive Director
Sim Idrus Munandar	Independent and Non-Executive Director
Ito Sumardi	Independent and Non-Executive Director
Hadi Daryanto	Independent and Non-Executive Director

3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

Name of Directors	Direct interest		Deemed interest	
	At the beginning of year	At the end of year	At the beginning of year	At the end of year
The Company	Number of ordinary shares			
Riko Setyabudhy Handoko	38,056,990	38,056,990	-	-

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of Directors' Shareholdings, the Directors' interest as at 21 January 2024 in the shares of the Company as follows:

Name of Directors	Direct interest		Deemed interest	
	At the end of year	At 21 January 2024	At the end of year	At 21 January 2024
The Company	Number of ordinary shares			
Riko Setyabudhy Handoko	38,056,990	150,900,364	-	-

5. Share Options

Samko Timber Performance Share Plan (the "Samko PSP") of the Company was approved by the shareholders of the Company at the Extraordinary General Meeting held on 27 April 2018. The duration of the Samko PSP is 10 years commencing from 27 April 2018.

The Samko PSP is a performance incentive share plan which forms an integral part of the Group's incentive compensation program. The Samko PSP aims to promote higher performance goals, and recognise and reward the contributions made by the eligible Chief Executive Officer and/or Executive Directors (including any Executive Director(s) to be appointed). Non-Executive Directors (including Independent Directors), and Controlling Shareholders and their Associates are not eligible to participate in the Samko PSP. The Samko PSP contemplates the contingent award of fully-paid shares after certain pre-determined benchmarks have been met. The Samko PSP is administered by the administration committee comprising members of the Nomination Committee and Remuneration Committee of the Company ("Administration Committee") in its absolute discretion, with such powers and duties as are conferred on it by the Board of Directors of the Company. The Administration Committee determines and approves the allocation of the share awards, the date of grant and the price thereof under the Samko PSP. Full details of the Samko PSP were set out in the Company's Circular dated 12 April 2018.

DIRECTORS' STATEMENT

5. Share Options (Continued)

On 29 August 2018, the Company had granted 21,653,058 of share awards ("2018 Awards") under the Samko PSP to Riko Setyabudhy Handoko, Executive Director and Chief Executive Officer of the Company (the "CEO") for his performance from 2016 to 2018, subject to certain vesting periods. On 13 September 2019, the Company had granted an additional 12,467,532 of share awards ("2019 Awards") under the Samko PSP to the CEO for his performance in 2019, subject to a vesting period.

Further details of the Samko PSP are disclosed in Note 30.1 to the financial statements.

Options granted

During the financial year, there were no share options granted to subscribe for unissued shares of the Company or any corporation in the Group.

Options exercised

During the financial year, there were no shares issued by virtue of the exercise of options to take up unissued shares of the Company or any corporation in the Group.

Options outstanding

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

6. Audit Committee

The Audit Committee ("AC") comprises the following independent Directors at the date of this statement:

Ng Cher Yan (Chairman)
 Sim Idrus Munandar
 Hadi Daryanto

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967, the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and the Code of Corporate Governance and assists the Board of Directors (the "Board") of the Company in the execution of its corporate governance responsibilities within its established terms of reference.

The duties of the AC, amongst other things, include:

- (a) review the audit plans of the internal and external auditors of the Company, and review the internal auditors' evaluation of the adequacy of the Group's/Company's system of internal accounting controls and the assistance given by the Group's/Company's management to the external and internal auditors;
- (b) review the half yearly announcement of financial statements and annual financial statements and the auditor's report on the annual consolidated financial statements of the Company and its subsidiaries before their submission to the Board;

DIRECTORS' STATEMENT

6. Audit Committee (Continued)

- (c) review the effectiveness of the Group's/Company's material internal controls, including financial, operational, compliance and information technology controls and risk management via reviews carried out by the internal auditors;
- (d) meet with the external and internal auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- (e) review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;
- (f) review the cost effectiveness and the independence and objectivity of the external auditors, and the nature and extent of non-audit services provided by the external auditors;
- (g) recommend to the Board the external auditors to be nominated, approve the compensation of the external auditors and review the scope and results of audit;
- (h) report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate;
- (i) review interested person transactions in accordance with the requirements of the SGX-ST Listing Manual; and
- (j) undertake such other functions and duties as may be agreed to by the AC and the Board.

The AC is satisfied with the independence and objectivity of the external auditors and has recommended to the Board that the auditors, BDO LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Further information regarding the AC are detailed in the Report on Corporate Governance set out in the Annual Report of the Company.

7. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,

Eka Dharmajanto Kasih
Non-Executive Chairman

Riko Setyabudhy Handoko
Executive Director and Chief Executive Officer

8 April 2024

INDEPENDENT AUDITOR'S REPORT

To The Members of Samko Timber Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Samko Timber Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 84 to 154 which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics applicable to Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial statements, which indicates that the Group incurred a net loss of Rp701,548 million during the financial year ended 31 December 2023 and, as of that date, the Group's current liabilities exceeded its current assets by Rp1,604,719 million, of which the Group has short-term bank loans amounting to Rp1,895,165 million, as disclosed in Note 27 to the financial statements, which are due within the next twelve months from 31 December 2023. The Group also has a deficit in equity attributable to owners of the Company amounted to Rp980,754 million as at 31 December 2023.

These conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast a significant doubt on the ability of the Group to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT

To The Members of Samko Timber Limited

Report on the Audit of the Financial Statements (Continued)

KEY AUDIT MATTER	AUDIT RESPONSE
<p>1 Valuation of biological assets</p> <p>As at 31 December 2023, the Group recognised biological assets in Indonesia amounted to approximately Rp641,227 million.</p> <p>Biological assets is measured at fair value in accordance with SFRS(I) 1-41 <i>Agriculture</i> as at year end. The Group engages an independent valuer to perform the valuation of the biological assets. The Group uses the discounted cash flow ("DCF") method to value its biological assets. The gain or loss arising from the biological assets is included in profit or loss for the period in which it arises.</p> <p>Determining the present value of expected net cash flows requires the use of assumptions and estimates relating to growth, harvesting plan, harvest yield per hectare, sale prices and costs, and also choosing a suitable discount rate in order to calculate the present value of those net cash flows.</p> <p>We have determined valuation of biological assets to be a key audit matter due to the level of judgement and estimation uncertainty involved in the valuation.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • Evaluated the independence, competency, objectivity and capabilities of the independent valuer engaged by the Group; • Engaged internal valuation expert to evaluate the methodology adopted by the independent professional valuer; • Discussed with the independent professional valuer and assessed the key inputs and data used in the valuation model, in particular the growth assumptions, harvesting plan, harvest yield per hectare, sale prices assumptions and costs and compared to the historical and market available data; • Assessed the appropriateness of the discount rate applied in the valuation; and • Assessed the adequacy of the relevant disclosures in the financial statements.

Refer to Notes 2.6 and 14 of the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

To The Members of Samko Timber Limited

Report on the Audit of the Financial Statements (Continued)

KEY AUDIT MATTER	AUDIT RESPONSE
<p>2 Post-employment benefits liabilities</p> <p>The Group accounts for the defined pension plan benefits for its qualified employees as required by the Indonesian Labour Law. As at 31 December 2023, the Group's post-employment benefits liabilities amounted to approximately Rp298,479 million.</p> <p>The cost of the defined pension plan benefits and the present value of the pension obligation are calculated using an actuarial valuation. The Group engages an independent actuary to perform the valuation of post-employment benefits liabilities.</p> <p>Determining the post-employment benefits liabilities valuation requires the use of assumptions and estimates relating to salary growth, mortality rate and discount rate which may differ from actual developments in the future.</p> <p>We have determined the valuation of post-employment benefits liabilities to be a key audit matter due to the complexities involved in the valuation and its long-term nature.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • Evaluated the independence, competency, objectivity and capabilities of the independent actuary engaged by the Group; • Discussed with the independent actuary and assessed the key inputs and data used in the valuation, in particular the salary growth and mortality rate; • Assessed the appropriateness of the discount rate applied in the valuation; • Assessed the appropriateness of the accounting of defined benefit plan in accordance with SFRS(I) 1-19 <i>Employee Benefits</i>; and • Assessed the adequacy of the relevant disclosures in the financial statements.
<hr/> <p>Refer to Notes 2.4 and 28 of the accompanying financial statements.</p>	

INDEPENDENT AUDITOR'S REPORT

To The Members of Samko Timber Limited

Report on the Audit of the Financial Statements (Continued)

KEY AUDIT MATTER	AUDIT RESPONSE
<p>3 Impairment assessment on investments in subsidiaries</p> <p>As at 31 December 2023, the Company's investments in subsidiaries amounted to approximately Rp1,012,091 million, representing 99% of the total assets on the Company's Statement of Financial Position.</p> <p>During the financial year, the Company subscribed for an additional 1,625,000 new ordinary shares at Rp114,500 per ordinary share in the Company's subsidiary, PT Sumber Graha Sejahtera ("PT SGS"). The full consideration of Rp186,062 million was outstanding to PT SGS as at year end.</p> <p>The Company's subsidiaries were loss making for financial year ended 31 December 2023. As at 31 December 2023, the net tangible assets of certain subsidiaries were lower than carrying amount of the investments.</p> <p>Management determined the recoverable amounts based on the value-in-use calculations by estimating the expected discounted future cash flows to be derived from the investments in those subsidiaries.</p> <p>We focused this area as a key audit matter as significant management judgements and estimates are involved in the key assumptions used in estimating the expected discounted future cash flows, such as the revenue growth rate, terminal growth rate and discount rate.</p> <hr/> <p>Refer to Notes 2.8 and 13 of the accompanying financial statements.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • Evaluated the management's impairment assessment on whether indicator of impairment exists as at year end; • Discussed with management and evaluated the reasonableness of the key assumptions made by management in preparing the discounted cash flows, including performing analytical procedures and comparing the revenue growth rate against historical performance and industry outlook, as appropriate; • Performed sensitivity analysis of the key assumptions, including the revenue growth rate, terminal growth rate and discount rate, used in the discounted cash flow forecasts; and • Assessed the adequacy of the relevant disclosures in the financial statements.

Other Matter

The consolidated financial statements of the Group and the statement of financial position of the Company as at 31 December 2022 were audited by another auditor who expressed an unmodified opinion with a material uncertainty related to going concern paragraph on those financial statements on 14 April 2023.

INDEPENDENT AUDITOR'S REPORT

To The Members of Samko Timber Limited

Report on the Audit of the Financial Statements (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT

To The Members of Samko Timber Limited

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is William Ng Wee Liang.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
8 April 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Note	2023 Rp'million	2022 Rp'million
Revenue	4	2,260,772	3,618,477
Cost of sales		(2,279,551)	(3,015,055)
Gross (loss)/profit		(18,779)	603,422
Other items of income			
Finance income	5	300	259
Other income	6	161,676	71,049
Other items of expense			
Selling expenses		(184,878)	(291,675)
General and administrative expenses		(324,086)	(289,757)
Allowance for impairment loss of financial assets, net	19	(2,578)	(9,648)
Finance expenses	7	(205,970)	(155,543)
Other expenses	8	(92,082)	(141,602)
Loss before income tax	9	(666,397)	(213,495)
Income tax	10	(35,151)	(38,928)
Loss for the year		(701,548)	(252,423)
Other comprehensive income:			
<i>Items that may not be reclassified subsequently to profit or loss:</i>			
Net actuarial loss on post-employment benefits	28	(48,174)	(3,075)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation		8,174	(28,801)
Other comprehensive income for the financial year, net of tax		(40,000)	(31,876)
Total comprehensive income for the financial year		(741,548)	(284,299)
Loss for the year attributable to:			
Owners of the Company		(752,543)	(252,889)
Non-controlling interests		50,995	466
Total comprehensive income for the year attributable to:		(701,548)	(252,423)
Owners of the Company		(792,577)	(284,657)
Non-controlling interests		51,029	358
Loss per share (in Rupiah)		(741,548)	(284,299)
Basic and diluted	11	(312)	(106)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group	
		2023 Rp'million	2022 Rp'million
Non-current assets			
Property, plant and equipment	12	1,920,479	898,114
Biological assets	14	641,227	495,535
Land use rights	15	63,383	68,702
Deferred tax assets	16	94,435	89,929
Other assets	17	31,450	35,058
Right-of-use assets	31	26,514	86,150
		<u>2,777,488</u>	<u>1,673,488</u>
Current assets			
Other assets	17	45,317	-
Inventories	18	912,241	1,079,883
Trade and other receivables	19	209,933	456,934
Prepaid operating expenses	20	78,609	109,470
Advances to suppliers	21	204,155	341,541
Restricted deposits	22	-	25
Cash at banks and on hand	23	30,372	26,882
		<u>1,480,627</u>	<u>2,014,735</u>
Current liabilities			
Trade and other payables	24	994,038	757,875
Other liabilities	25	126,143	83,647
Advances from customers	26	52,139	33,480
Loans and borrowings	27	1,895,165	1,435,813
Lease liabilities	31	13,027	9,071
Derivative financial instruments	33.2	-	2,116
Income tax payable		4,834	3,887
		<u>3,085,346</u>	<u>2,325,889</u>
Net current liabilities		<u>(1,604,719)</u>	<u>(311,154)</u>
Non-current liabilities			
Deferred tax liabilities	16	98,494	70,401
Advance from customers	26	260,393	-
Loans and borrowings	27	1,176,693	925,897
Post-employment benefits	28	239,517	224,393
Lease liabilities	31	8,734	11,157
		<u>1,783,831</u>	<u>1,231,848</u>
Net (liabilities)/assets		<u>(611,062)</u>	<u>130,486</u>
Equity attributable to owners of the Company			
Share capital	29	545,713	545,713
Accumulated losses		(1,838,606)	(1,037,855)
Other reserves	30.1	312,139	303,965
		<u>(980,754)</u>	<u>(188,177)</u>
Non-controlling interests	30.2	369,692	318,663
Total (deficit)/equity		<u>(611,062)</u>	<u>130,486</u>

The accompanying notes form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	Company	
		2023	2022
		Rp'million	Rp'million
Non-current assets			
Property, plant and equipment	12	1	5
Investment in subsidiaries	13	1,012,091	826,029
Other non-current assets	17	114	116
		<u>1,012,206</u>	<u>826,150</u>
Current assets			
Trade and other receivables	19	5,900	16,951
Prepaid operating expenses	20	491	729
Advances to suppliers	21	227	38
Cash at banks and on hand	23	215	692
		<u>6,833</u>	<u>18,410</u>
Current liabilities			
Trade and other payables	24	191,422	4,987
Other liabilities	25	2,633	2,610
Advances from customers	26	29	29
		<u>194,084</u>	<u>7,626</u>
Net current (liabilities)/assets		<u>(187,251)</u>	<u>10,784</u>
Non-current liabilities			
Other liabilities	25	284,812	294,552
		<u>284,812</u>	<u>294,552</u>
Net assets		<u>540,143</u>	<u>542,382</u>
Equity attributable to owners of the Company			
Share capital	29	545,713	545,713
Retained earnings		5,424	13,929
Other reserves	30.1	(10,994)	(17,260)
Total equity		<u>540,143</u>	<u>542,382</u>

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

Group	Attributable to owners of the Company							Total deficit Rp/million	
	Share capital Rp/million	Accumulated losses Rp/million	Other reserves, total Rp/million	Restructuring reserve		Premium paid on acquisition of non-controlling interests Rp/million	Foreign currency translation reserve Rp/million		Equity attributable to owners of the Company, total Rp/million
				Reserve	Reserve				
At 1 January 2023	545,713	(1,037,855)	303,965	309,050	(3,037)	(2,048)	(188,177)	130,486	
(Loss)/Profit for the year	-	(752,543)	-	-	-	-	(752,543)	(701,548)	
Other comprehensive income for the financial year, net of tax:									
Net actuarial loss on post-employment benefits	-	(48,208)	-	-	-	-	(48,208)	(48,174)	
Exchange differences on translation	-	-	8,174	-	-	8,174	8,174	8,174	
Other comprehensive income for the financial year, net of tax	-	(48,208)	8,174	-	-	8,174	(40,034)	(40,000)	
Total comprehensive income for the financial year	-	(800,751)	8,174	-	-	8,174	(792,577)	(741,548)	
At 31 December 2023	545,713	(1,838,606)	312,139	309,050	(3,037)	6,126	(980,754)	(611,062)	

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

	Attributable to owners of the Company											
	Share capital Rp/million	Accumulated losses Rp/million	Other reserves, total Rp/million	Restructuring reserve Rp/million	Premium paid on acquisition of non-controlling interests		Performance share plan reserve Rp/million	Foreign currency translation reserve Rp/million	Equity attributable to owners of the Company, total			
					Rp/million	Rp/million			Rp/million	Rp/million	Rp/million	Rp/million
Group												
At 1 January 2022	542,889	(781,999)	335,405	309,050	(3,037)	2,639	26,753	96,295	318,305	414,600		
(Loss)/Profit for the year	-	(252,889)	-	-	-	-	-	(252,889)	466	(252,423)		
Other comprehensive income for the financial year, net of tax:												
Net actuarial loss on post-employment benefits	-	(2,967)	-	-	-	-	-	(2,967)	(108)	(3,075)		
Exchange differences on translation	-	-	(28,801)	-	-	-	(28,801)	(28,801)	-	(28,801)		
Other comprehensive income for the financial year, net of tax	-	(2,967)	(28,801)	-	-	-	(28,801)	(31,768)	(108)	(31,876)		
Total comprehensive income for the year	-	(255,856)	(28,801)	-	-	-	(28,801)	(284,657)	358	(284,299)		
Issuance of shares under performance shares plan	2,824	-	(2,824)	-	-	(2,824)	-	-	-	-		
Grant of equity-settled performance share plan	-	-	185	-	-	185	-	185	-	185		185
At 31 December 2022	545,713	(1,037,855)	303,965	309,050	(3,037)	-	(2,048)	(188,177)	318,663	130,486		

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Group	
	2023	2022
	Rp'million	Rp'million
Cash from operating activities		
Loss before income tax	(666,397)	(213,495)
Adjustments for:		
Depreciation of property, plant and equipment	74,386	80,161
Depreciation of right-of-use assets	11,452	16,785
Amortisation of land use rights	5,319	7,203
Net gain on disposal of property, plant and equipment	(1,959)	(18,399)
Allowance for impairment loss of financial assets, net	2,578	9,648
Net gain on change in fair value of biological assets	(139,327)	(52,645)
Inventories written off	1,637	-
Inventories written down	-	14,927
Equity-settled performance share plan	-	185
Post-employment benefits expense	37,090	7,383
Interest income	(300)	(259)
Allowance for advances to suppliers	583	-
Interest expense on loans and borrowings	188,856	145,387
Interest expense on lease liabilities	1,307	1,630
Net foreign exchange difference	(20,339)	97,954
Operating cash flow before changes in working capital	(505,114)	96,465
Changes in working capital		
Inventories	166,005	(251,765)
Trade and other receivables	136,723	45,472
Prepaid operating expenses	16,330	3,697
Advances to suppliers	96,279	45,542
Other non-current assets	(41,709)	4,731
Trade and other payables	226,774	209,139
Other liabilities	24,948	(19,699)
Advances from customers	279,052	28,111
Cash flows generated from operations	399,288	161,693
Income tax (paid)/refunded	(6,515)	603
Post-employment benefits paid	(47,614)	(16,700)
Net cash flows generated from operating activities	345,159	145,596
Cash flows from investing activities		
Additions of property, plant and equipment (Note A)	(833,916)	(692,544)
Interest capitalised in property, plant and equipment	(53,308)	(21,136)
Additions of biological assets	(8,165)	(8,714)
Additions of land use rights	-	(12,184)
Proceeds from disposal of property, plant and equipment	2,942	23,409
Interest received	300	259
Net cash flows used in investing activities	(892,147)	(710,910)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Group	
	2023	2022
	Rp'million	Rp'million
Cash flows from financing activities		
Proceeds from loans and borrowings	6,578,324	5,526,127
Repayments of loans and borrowings	(5,857,255)	(4,829,302)
Payment of lease liabilities – principal portion	(10,762)	(34,198)
Interest paid for loans and borrowings	(158,170)	(110,238)
Interest paid for lease liabilities	(1,307)	(1,630)
Decrease/(increase) in restricted deposits	25	(4)
Net cash flows generated from financing activities	550,855	550,755
Net change in cash and cash equivalents	3,867	(14,559)
Cash and cash equivalents at the beginning of year	26,882	39,586
Effect of exchange rate changes on cash and cash equivalents	(377)	1,855
Cash and cash equivalents at the end of year (Note 23)	30,372	26,882

Note A:

For the purpose of the consolidated statement of cash flows, the movements in the additions of PPE comprised the following:

	2023	2022
	Rp'million	Rp'million
Additions of property, plant and equipment (Note 12)	979,828	426,185
Net (decrease)/increase in advances for purchase of property, plant and equipment	(145,912)	266,359
Cash payment per the consolidated statement of cash flows	833,916	692,544

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the financial statements.

1. General corporate information

Samko Timber Limited (the “Company”) is a public limited liability company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The address of the Company’s registered office and principal place of business is 7500A Beach Road, #08-305 The Plaza, Singapore 199591.

The immediate and ultimate holding company is Sampoerna Forestry Limited, a company incorporated in the British Virgin Islands. The ultimate controlling party is Mr Putera Sampoerna.

The principal activities of the Company are investment holding and general wholesale trade. The principal activities of the subsidiaries are set out in Note 13.

The financial statements for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 8 April 2024.

2. Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)s”) under the historical cost convention, except as disclosed in the accounting policies below and on a going concern basis as referred to in Note 3 to the financial statements.

The individual financial statements of each entity within the Group are measured and presented in the currency of primary economic environment in which the entity operates (its functional currency).

The Company’s functional currency is United States Dollar (“US\$”), which reflects the economic substance of the underlying events and circumstances of the Company. For the purposes of the consolidated financial statements, the results and financial position of each entity in the Group are expressed in Indonesia Rupiah (“Rp”), which is the presentation currency for the consolidated financial statements. All values are rounded to the nearest million (Rp/million), unless otherwise stated.

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group’s application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarised below and detailed disclosures are included in the respective notes to the financial statements.

Critical judgements applied:

- Going concern (Note 3)

Significant accounting estimates and assumptions used:

- Impairment of investment in subsidiaries (Note 13)
- Valuation of biological assets (Note 14)
- Allowance for impairment loss of trade receivables (Note 19)
- Post-employment benefits (Note 28)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Basis of preparation (Continued)

Changes in accounting policies

New standards, amendments and interpretations effective from 1 January 2023

On 1 January 2023, the Group adopted the new or amended SFRS(I) and interpretations to SFRS(I) that are mandatory for application for the financial year. The adoption of these standards did not result in significant changes to the Group's accounting policies and had no material impact to the Group's financial statements, except as disclosed below.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Disclosure of Accounting Policies and SFRS(I) Practice Statement 2

The amendments change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy is likely to be considered material.

Management has followed the guidance in the amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 in determining which accounting policy information is material. For the preparation of financial statements for the financial year ended 31 December 2023, the material accounting policy information has been disclosed in Note 2 to the financial statements.

New standards, amendments and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following are the new standards, amendments to standards, and interpretations that are not yet effective, and have not been adopted early in these financial statements:

		Effective date (annual periods beginning on or after)
Various	: Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
SFRS(I) 1-7, SFRS(I) 7 (Amendments)	: Supplier Finance Arrangements	1 January 2024
SFRS(I) 16 (Amendments)	: Lease liability in a Sale and Leaseback	1 January 2024
SFRS(I) 1-1 (Amendments)	: Classification of Liabilities as Current or Non-current	1 January 2024*
SFRS(I) 1-21, SFRS(I) 1 (Amendments)	: Lack of Exchangeability	1 January 2025
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

* The mandatory effective date of this Amendment had been revised from 1 January 2022 to 1 January 2023 issued in July 2020 via Amendment to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current—Deferral of Effective Date* and further revised to 1 January 2024 in December 2022 via Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Basis of preparation (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations issued but not yet effective (Continued)

Management anticipates that the adoption of the above SFRS(I)s in future periods, if applicable, will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

Disclosure of material accounting policy information

2.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control over the investee and cease from consolidation when the control is lost. Control is reassessed whenever the facts and circumstances indicate that there may be a change in the elements of control.

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

The financial statements of the subsidiaries are prepared for the same financial year as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any accumulated impairment loss that has been recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Basis of preparation (Continued)

Disclosure of material accounting policy information (Continued)

2.2 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currency") are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are re-translated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlements of monetary items and on re-translation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), are taken to the foreign currency translation reserve.

2.3 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good to the customer, which is when the customer obtains control of the good.

The Group's sales of goods comprise mainly sales of plywood, logs, sawn timber and related products. Revenue from the sales of these products is recognised at a point in time when the products are delivered to customers.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Basis of preparation (Continued)

Disclosure of material accounting policy information (Continued)

2.4 Employee benefits

Defined pension plan benefits

The Group operates a defined pension plan for severance and service benefits, which is required under the labour laws in Indonesia and is unfunded. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, is recognised immediately on the statement of financial position with a corresponding debit or credit through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent period.

Past service costs are recognised in profit or loss on the earlier of:

- the date of the plan amendment or curtailment, and
- the date that the Group recognises restructuring-related costs

The Group recognises service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements in the net defined benefits obligation in profit or loss.

2.5 Property, plant and equipment

Measurement

All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation

Depreciation is recognised so as to write off the cost of the assets less their residual values over their useful lives, using the straight-line method.

The following useful lives are used in the calculation of depreciation:

Buildings and improvements-	20 years
Machinery and heavy equipment	8 to 20 years
Electrical installations	5 to 15 years
Vehicles	4 to 8 years
Furniture, fixtures and equipment	4 to 10 years

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Basis of preparation (Continued)

Disclosure of material accounting policy information (Continued)

2.5 Property, plant and equipment (Continued)

Assets in the course of construction are carried at cost less any recognised impairment losses. Cost includes, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure

Subsequent expenditure related to property, plant and equipment that has been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.6 Biological assets

Biological assets comprise standing trees, including biomass, in a plantation forest, separate from the land on which these assets are located.

The plantation forests are recognised and measured at fair value less estimated point-of-sale costs at harvest. The valuation of the biological assets is calculated by the independent valuer based on the discounted cash flow model whereby the fair value is calculated using cash flows from continuous operations, assuming sustainable forest management plans, taking into account the growth potential from their industrial forest plantations. The yearly harvest made from the forecasted tree growth is multiplied by actual wood pines and the cost of fertiliser, before the deduction of harvesting. The fair value is measured as the present value of the harvest from one growth cycle based on the productive forestland.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Basis of preparation (Continued)

Disclosure of material accounting policy information (Continued)

2.7 Land use rights

Land use rights is carried at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised to profit or loss using the straight-line method over the term of the land lease. The amortisation period and method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The effects of any revision are recognised in profit or loss when the changes arise.

2.8 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, management estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost incurred in bringing the inventories to their present location and condition are accounted for using the average method for finished goods, work in progress and raw materials and first-in, first-out method for indirect materials and spare parts.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale.

2.10 Leases

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under the cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset. The right-of-use assets are depreciated based on the following bases:

Buildings	2 to 3 years
Machinery and heavy equipment	8 to 20 years
Vehicles	4 to 8 years

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

3. Going concern

The Group incurred a net loss of Rp701,548 million during the financial year ended 31 December 2023 and, as of that date, the Group's current liabilities exceeded its current assets by Rp1,604,719 million, of which the Group has short-term bank loans amounting to Rp1,895,165 million, as disclosed in Note 27, which are due within the next twelve months from 31 December 2023. The Group also has a deficit in equity attributable to owners of the Company amounted to Rp980,754 as at 31 December 2023.

In assessing the appropriateness of the going concern assumptions of the Group, the Directors are of the view that the use of going concern assumption to prepare the financial statements is appropriate based on the following factors:

- (a) the Directors of the Group have carried out a detailed review of the cash flow forecast of the Group for the next 18 months after the end of the financial year. Based on such forecast, the Directors of the Group have estimated that the proceeds from the projections and existing liquidity are adequate to finance the working capital requirements of the Group for the next 18 months;
- (b) the banks will continue to support the Group and are not aware of any adverse circumstances that might cause the Group's bank facilities to be withdrawn, including extension of loan repayment beyond the next twelve months from 31 December 2023. Further, as at 31 December 2023, the Group has at its disposal unused revolving loan and overdraft facilities amounting to Rp427,069 million to draw down, if required, as disclosed in Note 33.4;
- (c) the Group will continue to improve its operating performance and generate sufficient cash flows from its operations to meet its working capital requirements; and
- (d) the Group is expanding its operations into new locations in Indonesia to generate future additional revenue stream and positive operating cash flows for the Group.

The Directors acknowledge that the conditions above indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Should the Group be unable to discharge its liabilities in the normal course of business which may lead to the Group being unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group may need to reclassify non-current assets and non-current liabilities to current assets and current liabilities respectively. No such adjustments have been reflected in these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

4. Revenue from Contracts with Customers

The Group's revenue from sales of goods is disaggregated by principal geographical areas and timing of revenue recognition.

	Group	
	2023	2022
	Rp'million	Rp'million
<u>Principal geographical markets</u>		
<u>Domestic:</u>		
Indonesia	1,019,310	1,205,274
<u>Overseas:</u>		
North Asia	542,069	1,000,924
North America	412,250	836,558
South East Asia	253,777	562,102
Others	33,366	13,619
Sales of goods – At a point in time	<u>2,260,772</u>	<u>3,618,477</u>

5. Finance income

Finance income mainly relates to interest income.

6. Other income

	Group	
	2023	2022
	Rp'million	Rp'million
Net gain on change in fair value of biological assets (Note 14)	139,327	52,645
Net foreign exchange differences	20,199	-
Net gain on disposal of property, plant, and equipment	1,959	18,399
Others	191	5
	<u>161,676</u>	<u>71,049</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7. Finance expenses

	Group	
	2023	2022
	Rp'million	Rp'million
<u>Interest expense on:</u>		
Bank borrowings	165,349	116,084
Bank borrowings from a related party	9,463	7,107
Amortisation of loan transaction costs	14,044	22,196
Interest on lease liabilities	1,307	1,630
Bank charges	15,807	8,526
	205,970	155,543

8. Other expenses

	Group	
	2023	2022
	Rp'million	Rp'million
Amortisation of land use rights	5,319	7,203
Tax penalties	3,031	8,471
Inventories written off	1,637	-
Inventories written down to net realisable value	-	14,927
Net foreign exchange differences*	-	101,040
Idle capacity costs**	74,670	-
Others	7,425	9,961
	92,082	141,602

* Included were unrealised net fair value losses on foreign exchange forward contracts amounted to Rp2,116 million, the details of which are disclosed in Note 35.1.

** Since February 2023, the Group's non-profitable facility in Sulawesi was temporarily shut-down. Due to its abnormal unabsorbed costs incurred in nature, the depreciation, salary and other overhead costs were put together under the idle capacity costs in other expenses. In January 2024, the facility commenced the production. Included in the idle capacity costs are salaries and employee benefits amounting to Rp54,945 million.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

9. Loss before income tax

The following items have been included in arriving at loss before income tax:

	Group	
	2023	2022
	Rp'million	Rp'million
Audit fees:		
Auditor of the Company	1,757	1,597
Other auditor – network firm	1,720	2,415
Other auditors – non-network firm	10	11
Factory overheads	639,565	945,538
Salaries and employee benefits*:		
Directors' fees	3,353	3,141
Salaries & bonuses	690,774	827,599
Defined contribution plan benefits	45,875	52,064
Employee other short-term benefits	9,713	11,891
Equity-settled performance share plan	-	185
Post-employment benefits	37,090	7,383
	786,805	902,263
Short-term leases expense	3,293	2,529
Depreciation of property, plant and equipment	74,386	80,161
Depreciation of right-of-use assets	11,452	16,785

* During the financial year, salaries and employee benefits allocated to cost of sales, selling expenses and general and administrative expenses amounted to Rp531,021 million, Rp32,349 million and Rp223,435 million (2022: Rp687,705 million, Rp31,432 million and Rp183,126 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

10. Income tax

	Group	
	2023	2022
	Rp'million	Rp'million
<u>Consolidated income statement</u>		
Current income tax:		
Current year	59	3,243
(Over)/under provision in respect of prior years	(240)	4,875
	(181)	8,118
Deferred tax:		
Current year	35,332	30,810
Income tax expense recognised in profit or loss	35,151	38,928

Consolidated statement of comprehensive income

Deferred tax:

Net actuarial loss on post-employment benefits	(11,745)	(867)
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A reconciliation between income tax and the product of accounting loss multiplied by the applicable corporate tax rates for the financial year is as follows:

	Group	
	2023	2022
	Rp'million	Rp'million
Loss before income tax	(666,397)	(213,495)
Tax at domestic rates applicable in the countries where the Group operates	(143,401)	(46,299)
Effect of expenses not deductible for tax purposes	11,613	15,168
Effect of income not subject to tax	(66)	(57)
Deferred tax assets not recognised for unutilised tax losses	167,111	49,634
Reduction in previously recognised unutilised tax losses	-	15,607
(Over)/under provision of income tax in respect of previous years	(240)	4,875
Others	134	-
Income tax expense recognised in profit or loss	35,151	38,928

The corporate income tax applicable to the entities in Singapore is 17% (2022: 17%). The corporate income tax rate applicable to the subsidiaries in Indonesia is 22% (2022: 22%).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

10. Income tax (Continued)

Unutilised tax losses

As at 31 December 2023, the Group has unutilised tax losses of approximately Rp1,091,000 million (2022: Rp397,800 million) which can be carried forward and used to offset against future taxable income of those entities of the Group in which the tax losses arose, subject to the agreement of the tax authorities and compliance of the relevant provisions of the tax legislation of the respective jurisdictions in which they operate.

Out of the aforesaid unutilised tax losses were amounts totalling Rp1,025,000 million (2022: Rp334,500 million), of which deferred tax assets have not been recognised as it is not probable that there will be sufficient taxable profits to allow the deferred tax assets to be recovered.

The unutilised tax losses of the Group's entities in Singapore have no expiry date, while the unutilised tax losses of the Group's entities in Indonesia expires 5 years from the year the tax losses arose.

Temporary differences on undistributed earnings

A deferred tax liability of approximately Rp20,836 million (2022: Rp14,112 million) has not been recognised in these financial statements for withholding taxes that would be payable on the undistributed earnings of the Group's foreign subsidiaries as the Group is able to control the timing of dividend distributions of the subsidiaries and has determined that these undistributed earnings will not be distributed in the foreseeable future.

11. Loss per share

Basis loss per share are calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share are calculated by dividing loss for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the loss and share data used in the computation of basic and diluted loss per share for the financial year:

	Group	
	2023	2022
	Rp'million	Rp'million
Loss of the year attributable to owners of the Company used in computation of loss per share	(752,543)	(252,889)
	Number of ordinary shares	
Weighted average number of ordinary shares used for basic and diluted loss per share computation	2,408,171,095	2,396,316,684

As the Group has no dilutive potential ordinary shares, the diluted earnings per share is equivalent to basic earnings per share for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

12. Property, plant and equipment

Group	Buildings and improvements Rp/million	Machinery and heavy equipment Rp/million	Electrical installations Rp/million	Vehicles Rp/million	Furniture, fixtures and equipment Rp/million	Construction in progress			Total Rp/million
						Buildings Rp/million	Machinery Rp/million		
2023									
Cost									
At 1 January 2023	362,968	1,357,243	53,425	53,925	175,849	389,029	203,625		2,596,064
Additions	23,833	9,746	-	813	7,519	171,237	766,680		979,828
Interest capitalised	-	-	-	-	-	53,308	-		53,308
Disposals	-	(6,886)	-	(628)	(86)	-	-		(7,600)
Reclassification from right-of-use assets	-	91,906	-	-	-	-	-		91,906
Reclassification	4,980	196,576	-	1,567	(2,583)	(4,980)	(195,560)		-
Translation realignment	-	-	-	(13)	(48)	-	-		(61)
At 31 December 2023	391,781	1,648,585	53,425	55,664	180,651	608,594	774,745		3,713,445
Accumulated depreciation and impairment									
At 1 January 2023	225,889	1,207,558	46,610	51,806	166,087	-	-		1,697,950
Depreciation charge for the year	15,696	49,747	1,916	847	6,180	-	-		74,386
Disposals	-	(5,903)	-	(628)	(86)	-	-		(6,617)
Reclassification from right-of-use assets	-	27,306	-	-	-	-	-		27,306
Reclassification	-	284	-	-	(284)	-	-		-
Translation realignment	-	-	-	(13)	(46)	-	-		(59)
At 31 December 2023	241,585	1,278,992	48,526	52,012	171,851	-	-		1,792,966
Net book value									
At 31 December 2023	150,196	369,593	4,899	3,652	8,800	608,594	774,745		1,920,479

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

12. Property, plant and equipment (Continued)

Group	Buildings and improvements Rp/million	Machinery and heavy equipment Rp/million	Electrical installations Rp/million	Vehicles Rp/million	Furniture, fixtures and equipment Rp/million	Construction in progress			Total Rp/million
						Buildings Rp/million	Machinery Rp/million		
2022									
Cost									
At 1 January 2022	361,380	1,339,260	53,396	53,318	170,939	123,161	44,870		2,146,324
Additions	1,081	1,524	-	92	2,484	247,618	173,386		426,185
Interest capitalised	-	-	-	-	-	21,136	-		21,136
Disposals	-	(5,753)	-	(834)	(69)	-	(325)		(6,981)
Reclassification from right-of-use assets	-	9,172	-	-	-	-	-		9,172
Reclassification	507	13,040	29	1,340	2,276	(2,886)	(14,306)		-
Translation realignment	-	-	-	9	219	-	-		228
At 31 December 2022	362,968	1,357,243	53,425	53,925	175,849	389,029	203,625		2,596,064
Accumulated depreciation and impairment									
At 1 January 2022	210,357	1,155,126	44,569	51,310	154,644	-	-		1,616,006
Depreciation charge for the year	15,578	51,490	2,131	1,318	9,644	-	-		80,161
Disposals	-	(1,080)	-	(831)	(60)	-	-		(1,971)
Reclassification from right-of-use assets	-	3,531	-	-	-	-	-		3,531
Reclassification	(46)	(1,509)	(90)	-	1,645	-	-		-
Translation realignment	-	-	-	9	214	-	-		223
At 31 December 2022	225,889	1,207,558	46,610	51,806	166,087	-	-		1,697,950
Net book value									
At 31 December 2022	137,079	149,685	6,815	2,119	9,762	389,029	203,625		898,114

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

12. Property, plant and equipment (Continued)Depreciation

During the financial year, depreciation charges allocated to cost of sales and general and administrative expenses amounted to Rp47,129 million and Rp24,684 million (2022: Rp62,505 million and Rp17,656 million) respectively

Assets pledged as security

As at 31 December 2023, buildings and improvements, machinery and heavy equipment, and construction in progress for buildings and machinery with an aggregate carrying amount of Rp1,848,340 million (2022: Rp909,718 million) are pledged as collateral for the Group's interest-bearing loans (Note 27).

	Furniture, fixtures and equipment Rp'million
Company	
Cost	
At 1 January 2023	463
Translation reserve	(9)
At 31 December 2023	<u>454</u>
Accumulated depreciation	
At 1 January 2023	458
Depreciation charge for the year	4
Translation reserve	(9)
At 31 December 2023	<u>453</u>
Net book value	
At 31 December 2023	<u><u>1</u></u>
Cost	
At 1 January 2022	418
Additions	2
Translation reserve	43
At 31 December 2022	<u>463</u>
Accumulated depreciation	
At 1 January 2022	412
Depreciation charge for the year	3
Translation reserve	43
At 31 December 2022	<u>458</u>
Net book value	
At 31 December 2022	<u>5</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

13. Investment in subsidiaries

	Company	
	2023	2022
	Rp'million	Rp'million
Unquoted equity shares, at cost		
At 1 January	2,786,187	2,787,437
Additions	186,062	-
Struck-off	-	(1,250)
At 31 December	2,972,249	2,786,187
Less: Allowance for impairment loss	(1,960,158)	(1,960,158)
	1,021,091	826,029

During the financial year, the Company subscribed for an additional 1,625,000 new ordinary shares at Rp114,500 per ordinary share in the Company's subsidiary, PT Sumber Graha Sejahtera ("PT SGS"). The full consideration of Rp186,062 million was outstanding to PT SGS as at year end.

In 2022, the Company struck off its 100% owned subsidiary, PT Sempurna Kayu Abadi. The subsidiary had been dormant since prior years and the struck-off had no significant impact to the Company or the Group.

Details of subsidiaries at the end of the reporting period are set out below.

Name of subsidiary/ Country of incorporation	Principal activities	Percentage of effective equity interest held by the Group	
		2023	2022
		%	%
Held by the Company			
PT Sumber Graha Sejahtera (Indonesia) ⁽¹⁾	Production of plywood, laminated veneer lumber wood panels and wood based furniture	100	100
Samko Trading Pte. Ltd. (Singapore) ⁽²⁾	Wholesale of plywood, sawn timber, logs and related products	100	100
Samko Forestry Pte. Ltd. (Singapore) ⁽²⁾	Investment holding	100	100
Bioforest Pte. Ltd. (Singapore) ⁽⁴⁾	Investment holding	100	100
Held by PT Sumber Graha Sejahtera			
PT Putra Sumber Kimindo (Indonesia) ⁽¹⁾	Production of glue	69	69
PT Navatani Persada (Indonesia) ⁽¹⁾	Dormant	70	70
PT Arangan Hutani Lestari (Indonesia) ⁽¹⁾	Dormant	60	60
Held by PT Sumber Graha Sejahtera and Samko Forestry Pte. Ltd.			
PT Sempurna Graha Abadi (Indonesia) ⁽¹⁾	Investment holdings	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

13. Investment in subsidiaries (Continued)

Details of subsidiaries at the end of the reporting period are set out below.

Name of subsidiary/ Country of incorporation	Principal activities	Percentage of effective equity interest held by the Group	
		2023 %	2022 %
Held by PT Sempurna Graha Abadi			
PT Sumber Graha Maluku (Indonesia) ⁽¹⁾	Investment holdings	51	51
Held by PT Sumber Graha Maluku			
PT Mangole Timber Producers (Indonesia) ⁽¹⁾	Production of plywood and wood based furniture	51	51
PT Kirana Cakrawala (Indonesia) ⁽¹⁾	Production of plywood and wood based furniture	51	51
PT Kalpika Wanatama (Indonesia) ⁽¹⁾	Production of plywood and wood based furniture	51	51
PT Bina Mahoni Utama (Indonesia) ⁽¹⁾	Production of plywood and wood based furniture	51	51
PT. Wiranusa Trisatrya (Indonesia) ⁽¹⁾	Production of plywood and wood based furniture	51	51
Held by Samko Trading Pte. Ltd.			
PT Anugrah Karunia Alam (Indonesia) ⁽¹⁾	Wholesale of plywood, sawn timber, logs and related products	100	100
PT Alam Raya Makmur (Indonesia) ⁽¹⁾	Wholesale of plywood, sawn timber, logs and related products	100	100
Samkwood Products Sdn. Bhd. (Malaysia) ⁽³⁾	Wholesale of plywood, sawn timber, logs and related products	100	100
Held by PT Anugrah Karunia Alam			
PT Cipta Graha Kreasindo (Indonesia) ⁽¹⁾	Dormant	100	100
Held by PT Alam Raya Makmur			
PT Sari Alam Sejahtera (Indonesia) ⁽⁴⁾	Dormant	100	100
PT Agrindo Persada Lestari (Indonesia) ⁽⁴⁾	Dormant	100	100
Held by Bioforest Pte. Ltd.			
PT Bioforest Indonesia (Indonesia) ⁽⁴⁾	Dormant	100	100

⁽¹⁾ Audited by KAP Tanubrata Sutanto Fahmi Bambang & Rekan, Indonesia, a member firm of BDO International Limited

⁽²⁾ Audited by BDO LLP, Singapore

⁽³⁾ Audited by KCSM Kuan PLT, Malaysia

⁽⁴⁾ Not required to be audited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

13. Investment in subsidiaries (Continued)

Impairment testing

At the reporting date, management performed an impairment assessment of the Company's investment in PT Sumber Graha Sejahtera ("PT SGS") and Samko Trading Pte. Ltd. ("STPL"), as PT SGS and STPL were loss making for financial year ended 31 December 2023 and the carrying amount of the Company's investments in PT SGS and STPL amounting to Rp979,894 million and Rp31,167 million (2022: Rp793,832 million and Rp31,167 million) respectively, net of allowance for impairment loss of Rp1,904,846 million (2022: Rp1,904,846 million), exceeded the net assets of PT SGS and STPL as at that date.

The recoverable amount of PT SGS and STPL, the cash-generating unit, has been determined based on value in use calculations using cash flow forecast covering a five-year period. The discount rate applied to the cash flow forecast, forecasted growth rate, budgeted gross margin, and the terminal growth rate used to extrapolate cash flow projections beyond the five-year period are discussed below.

- (i) Revenue and budgeted margins for the five-year period are projected based on sales secured with customers along with forecasted demand with reference to past revenues earned and adjusted for forward-looking economic conditions for the first year and thereafter with a forecasted average annual revenue growth rate of 6.5% (2022: average annual revenue growth rate of 2.0%).
- (ii) Average annualised projection rate of 3.0% (2022: 4.0%) for overheads and other general expenses.
- (iii) Terminal growth rate of 3.5% (2022: Nil) has been used for terminal value.
- (iv) Discount rate of 10.0% (2022: 14.0%) which represents the current market assessment of the risks specific to PT SGS.

The recoverable amount of the investment in PT SGS and STPL is sensitive to the value in use calculations inputs such as revenue growth rate, terminal growth rate and discount rate. A reduction of 0.28% in the revenue growth rate or a reduction of 0.73% in the terminal growth rate or an increase of 0.56% in the discount rate would result in impairment of the carrying amount of the Company's investment in PT SGS and STPL as at 31 December 2023.

14. Biological assets

	Group	
	2023	2022
	Rp'million	Rp'million
<u>At fair value</u>		
At 1 January	495,535	434,862
Capitalisation of expenses	8,165	8,714
Harvesting of trees	(1,800)	(686)
Net gain in fair value less expected costs to sell (Note 6)	139,327	52,645
At 31 December	<u>641,227</u>	<u>495,535</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

14. Biological assets (Continued)

Biological assets are measured at fair value less costs to sell. The fair value is estimated with reference to an independent professional valuation using the present value of expected net cash flows from the biological assets. Determining the present value of expected net cash flows requires the use of assumptions and estimates relating to growth, harvesting plan, harvest yield per hectare, sale prices, and costs, and also a suitable discount rate in order to calculate the present value of those net cash flows.

The fair value increased during the financial year due to inclusion of biomass in plantation forest as it is able to generate economic benefits through wood pellet production.

The Group's plantations located in Jambi and Jasinga (2022: Jambi, Jasinga and Bojong) have total planted areas covering approximately 233 hectares (2022: 957 hectares). The Group's plantations located in Maluku have total planted areas covering approximately 31,900 hectares (2022: 31,900 hectares).

The Group's plantation trees in Jambi and Jasinga consist of *Gmelina Arborea*, *Paraserianthes Falcataria*, *Anthocephalus Cadamba* and *Tectona Grandis* with 1% (2022: 7%) aged between 5 – 7 years and 99% (2022: 93%) aged more than 7 years. The Group's plantation trees in Maluku consist of *Gmelina Arborea* and *Paraserianthes Falcataria* which are aged more than 7 years.

Fair value measurement

The fair value of the biological assets is estimated with reference to an independent professional valuation using the present value of expected net cash flows from the biological assets.

The valuation for the Group's plantation trees in Jambi and Jasinga is based on the following key assumptions and inputs:

- (i) No new planting or re-planting activities are assumed.
- (ii) The year of tree planting is between 5 to 13 years (2022: between 5 to 13 years).
- (iii) Estimated yield in cubic meter per hectare.
- (iv) Market price is derived from average market log price per species.
- (v) Inflation rate is 2.50% (2022: 2.81%) based on the average of last 5 years (2022: 5 years).
- (vi) Discount rate is 10.00% (2022: 12.02%).

The valuation for the Group's plantation trees in Maluku is based on the following key assumptions and inputs:

- (i) No new planting or re-planting activities are assumed.
- (ii) The year of tree planting is between 17 to 28 years (2022: between 17 to 28 years).
- (iii) Estimated yield in cubic meter per hectare.
- (iv) Market price is derived from average market log price per species.
- (v) Inflation rate is 1.60% - 2.5% (2022: 2.81%) based on the average of last 5 years (2022: 5 years).
- (vi) Discount rate is 10.06% (2022: 12.02%).

Financial risk

The Group is exposed to financial risk in respect of agricultural activity. The agricultural activity of the Group consists of the management of biological assets to produce marketable output. The primary financial risk associated with this activity occurs due to the length of time between expending cash on the purchase or planting and maintenance of biological assets and on harvesting and ultimately receiving cash from the sale of the marketable output. The Group plans for cash flow requirements for such activities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

15. Land use rights

	Group	
	2023	2022
	Rp'million	Rp'million
Cost		
At 1 January	142,492	130,308
Additions	-	12,184
At 31 December	<u>142,492</u>	<u>142,492</u>
Accumulated amortisation		
At 1 January	73,790	66,587
Amortisation charge for the year	5,319	7,203
At 31 December	<u>79,109</u>	<u>73,790</u>
Net book value		
At 31 December	<u>63,383</u>	<u>68,702</u>
Amount to be amortised:		
- Not later than one year	5,319	7,203
- Later than one year but not later than five years	13,980	13,980
- Later than five years	<u>44,084</u>	<u>47,519</u>

The land use rights, comprising 641 hectares (2022: 641 hectares) of land in Indonesia are transferable and have a remaining tenure ranging from 1 to 51 years (2022: 1 to 52 years).

As at 31 December 2023, land use rights with an aggregate carrying amount of Rp53,917 million (2022: Rp59,041 million) are pledged as collateral for the Group's interest-bearing loans (Note 27).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

16. Deferred tax

Deferred tax at the end of the reporting period relates to the following:

	Group					
	Consolidated statement of financial position		Consolidated profit or loss		Consolidated other comprehensive income	
	2023	2022	2023	2022	2023	2022
Rp'million	Rp'million	Rp'million	Rp'million	Rp'million	Rp'million	
<u>Deferred tax assets</u>						
Unutilised tax losses*	14,519	13,922	597	(15,067)	-	-
Difference in post-employment benefits obligation	65,665	54,798	(969)	(2,050)	11,836	867
Allowance for impairment loss of financial assets	3,029	3,000	29	-	-	-
Allowance for advances to suppliers	472	472	-	-	-	-
Effect of change in fair value of biological assets	2,852	7,713	(4,861)	-	-	-
Difference in depreciation for tax purposes	5,781	8,629	(2,848)	2,980	-	-
Other items	2,117	1,395	722	181	-	-
	<u>94,435</u>	<u>89,929</u>				
<u>Deferred tax liabilities</u>						
Effect of change in fair value of biological assets	(85,656)	(52,015)	(33,641)	(12,548)	-	-
Difference in accounting and tax treatment of leases	(12,747)	(18,386)	5,639	(4,306)	-	-
Difference in employees' benefit obligation	(91)	-	-	-	(91)	-
	<u>(98,494)</u>	<u>(70,401)</u>				
Deferred tax (charged)/credited to profit or loss/other comprehensive income*			(35,332)	(30,810)	11,745	867

* The deferred tax assets arose from a subsidiary's unutilised tax losses recognised of approximately Rp65,996 million (2022: Rp63,282 million), which can be carried forward and it is probable to be used to offset against future taxable income of the subsidiary. The reduction in the recognised unutilised tax losses was consequent to a tax audit performed by the relevant tax authorities in the subsidiary's jurisdiction during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

17. Other assets

	Group		Company	
	2023	2022	2023	2022
	Rp'million	Rp'million	Rp'million	Rp'million
Other advances	15,385	19,965	-	-
Estimated claim for tax refund	10,354	10,354	-	-
Guarantee deposits	5,711	4,739	114	116
Other assets – non-current	31,450	35,058	114	116
Other assets – current (Note 19)	45,317	-	-	-
Total	76,767	35,058	114	116

18. Inventories

	Group	
	2023	2022
	Rp'million	Rp'million
<u>Consolidated statement of financial position</u>		
<i>At cost</i>		
Raw materials	11,958	14,819
Work in progress	480,143	441,138
Indirect materials and spare parts	105,604	94,578
<i>At lower of cost and net realisable value</i>		
Finished goods	314,536	529,348
	912,241	1,079,883
<u>Consolidated income statement</u>		
Inventories recognised as an expense in cost of sales	1,114,947	1,389,770

In 2023, the Group had written off certain inventories amounted to Rp1,637 million. In 2022, the Group wrote down certain inventories to their net realisable values amounted to Rp14,927 million due to the decrease in selling prices.

As at 31 December 2023, inventories with an aggregate carrying amount of Rp770,117 million (2022: Rp922,510 million) are pledged as collateral for the Group's interest-bearing loans (Note 27).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

19. Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	Rp'million	Rp'million	Rp'million	Rp'million
Trade receivables, net of allowance				
Third parties	193,303	342,346	-	-
Other receivables, net of allowance				
- Third parties	16,630	114,588	-	8
- Subsidiaries	-	-	5,900	16,943
<i>Total trade and other receivables</i>	<u>209,933</u>	<u>456,934</u>	<u>5,900</u>	<u>16,951</u>
Less: Other receivables – Third parties (see below)	-	(109,499)	-	-
Add:				
Guarantee deposits - net (Note 17)	5,711	4,739	114	116
Restricted deposits (Note 22)	-	25	-	-
Cash at banks and on hand (Note 23)	30,372	26,882	215	692
<i>Total financial assets carried at amortised costs</i>	<u>246,016</u>	<u>379,081</u>	<u>6,229</u>	<u>17,759</u>

Trade receivables are non-interest bearing and are generally on 30 to 90 days credit terms.

As at 31 December 2023, trade receivables with an aggregate carrying amount of Rp68,221 million (2022: Rp105,487 million) are pledged as collateral for the Group's interest-bearing loans (Note 27).

The Group had purchase arrangements with certain suppliers of logs where the Group would fund the suppliers' machineries and offset by future delivery of logs from the suppliers. As at 31 December 2022, these receivables (included in other receivables – third parties) amounted to Rp109,499 million. The purchase arrangements ended during the financial year and certain funded machineries amounted to Rp45,317 million were seized by the Group to offset against the receivables and were classified as other assets – current (Note 17).

Other receivables from subsidiaries are non-trade related, unsecured, non-interest bearing and repayable on demand in cash.

At the end of the reporting period, trade and other receivables denominated in the currencies of which have exposure to foreign currency risk (Note 33.2) are as follows:

	Group		Company	
	2023	2022	2023	2022
	Rp'million	Rp'million	Rp'million	Rp'million
United States Dollar	31,546	58,799	-	-
Singapore Dollar	-	-	90	7,647

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

19. Trade and other receivables (Continued)

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECLs"). The ECLs on trade receivables are estimated using a provision matrix which involves grouping receivables based on characteristics which have historically influenced asset recoverability, such as credit ratings, customer-industry group and customer geography, and applying a historic provision rate which is based on days past due for groupings of various customer segments that have similar loss patterns. In devising such a provision matrix, the Group uses its historical credit loss experience with forward-looking information (adjusted as necessary to reflect current conditions and forecast economic conditions) to estimate the lifetime expected credit losses on the trade receivables. At every reporting date, the historical default rates are updated and the impact of forward-looking information is reassessed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in Note 33.1.

The Group's and the Company's credit risk exposure in relation to trade receivables, grouped by geographical region, are set out in the provision matrix as presented below.

	Current	Past due				Total
		>30 days	> 60 days	> 90 days	> 365 days	
Rp'million						
Group						
2023						
<u>Indonesia</u>						
Expected credit loss rate	*	*	2%	3%	70%	
Gross carrying amount	87,536	4,475	3,536	21,243	42,920	159,710
Less: Loss allowance	*	*	*	*	(29,833) ⁽¹⁾	(29,833)
<u>Other geographical areas</u>						
Expected credit loss rate	*	*	*	*	43%	
Gross carrying amount	39,525	*	92	14,222	16,687	70,526
Less: Loss allowance	*	*	*	*	(7,100) ⁽¹⁾	(7,100)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

19. Trade and other receivables (Continued)

	Current	Past due			Total	
		>30 days	> 60 days	> 90 days		> 365 days
Rp'million						
2022						
<u>Indonesia</u>						
Expected credit loss rate	*	1%	7%	10%	100%	
Gross carrying amount	115,348	10,899	18,539	38,189	27,279	210,254
Less: Loss allowance	*	*	*	(5,897) ⁽²⁾	(27,279)	(33,176)
<u>Other geographical areas</u>						
Expected credit loss rate	*	*	*	*	100%	
Gross carrying amount	164,872	396	-	-	2,895	168,163
Less: Loss allowance	*	*	*	*	(2,895)	(2,895)

* Insignificant ECL rate/loss allowance.

⁽¹⁾ Included in > 365 days were amounts of which 100% loss allowances have been recognised totalling Rp36,933 million.⁽²⁾ Included in > 90 days were amounts of which 100% loss allowances have been recognised totalling Rp1,977 million.

	Current	>30 days	Past due		Total
			> 60 days	> 90 days	
Rp'million					
Company					
2023					
<u>Other geographical areas</u>					
Expected credit loss rate	-	-	-	-	-
Gross carrying amount	-	-	-	-	-
Less: Loss allowance	-	-	-	-	-
2022					
<u>Other geographical areas</u>					
Expected credit loss rate	*	*	*	100%	
Gross carrying amount	*	-	-	655	655
Less: Loss allowance	*	*	*	(655) ⁽¹⁾	(655)

* Insignificant ECL rate/loss allowances.

⁽¹⁾ Included in > 90 days were amounts due more than 365 days of which 100% loss allowances have been recognised totalling Rp655 million in 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

19. Trade and other receivables (Continued)

The movements in the allowance for impairment loss of trade and other receivables during the financial year are as follows:

	Group		Company	
	2023	2022	2023	2022
	Rp'million	Rp'million	Rp'million	Rp'million
At 1 January	39,909	31,994	1,346	1,117
Allowance for impairment loss	2,578	9,648	-	108
Written-off	(5,316)	(2,273)	(1,319)	-
Translation realignment	(238)	540	(27)	121
At 31 December	36,933	39,909	-	1,346

As at 31 December 2022, the above loss allowances included Rp3,838 million and Rp691 million for other receivables of the Group and the Company respectively.

20. Prepaid operating expenses

	Group		Company	
	2023	2022	2023	2022
	Rp'million	Rp'million	Rp'million	Rp'million
Insurance	3,231	17,362	-	63
Land title transfer fee	6,173	2,843	-	-
Prepayment for logging permits	-	1,864	-	-
Promotions	-	3,862	-	-
Short-term leases	2,770	3,933	-	-
Value-added tax and income taxes	54,656	76,111	86	253
Others	11,779	3,495	405	413
	78,609	109,470	491	729

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

21. Advances to suppliers

For the procurement of, net of allowance:

	Group		Company	
	2023	2022	2023	2022
	Rp'million	Rp'million	Rp'million	Rp'million
- Property, plant and equipment	158,838	304,750	-	-
- Logs	529	5,025	-	-
- Veneers	20,209	6,301	-	-
- Spare parts	2,046	2,972	-	-
- Others	22,533	22,493	227	38
	204,155	341,541	227	38

The movements in the allowance for impairment loss of advances to suppliers during the financial year are as follows:

	Group		Company	
	2023	2022	2023	2022
	Rp'million	Rp'million	Rp'million	Rp'million
At 1 January	2,146	2,146	-	-
Addition	583	-	-	-
At 31 December	2,729	2,146	-	-

22. Restricted deposits

Restricted deposits represented escrow accounts opened and maintained with a financial institution.

As at 31 December 2022, restricted deposits denominated in United States Dollar of which had exposure to foreign currency risk (Note 33.2) amounted to Rp14 million.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

23. Cash at banks and on hand

	Group		Company	
	2023	2022	2023	2022
	Rp'million	Rp'million	Rp'million	Rp'million
Cash at banks	30,219	26,593	215	692
Cash on hand	153	289	-	-
Cash and cash equivalents as per statement of cash flows	<u>30,372</u>	<u>26,882</u>	<u>215</u>	<u>692</u>
Interest rate per annum	0.1 – 2.0%	0.1 – 2.0%	0.1%	0.1%

Cash at banks earns interest at floating rates based on daily bank deposit rates.

As at 31 December 2023, cash at banks and on hand denominated in the currencies of which have exposure to foreign currency risk (Note 33.2) are as follows:

	Group		Company	
	2023	2022	2023	2022
	Rp'million	Rp'million	Rp'million	Rp'million
United States Dollar	21,459	18,485	-	-
Singapore Dollar	614	935	149	311

24. Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	Rp'million	Rp'million	Rp'million	Rp'million
Trade payables				
- Third parties	693,223	623,543	-	-
- Related parties	816	-	-	-
- Subsidiaries	-	-	4,026	4,109
Other payables				
- Third parties	299,533	134,319	1,763	762
- Related parties	466	13	-	-
- Subsidiary	-	-	185,633	116
<i>Total trade and other payables</i>	<u>994,038</u>	<u>757,875</u>	<u>191,422</u>	<u>4,987</u>
Add:				
Other liabilities* (Note 25)	62,605	57,021	287,445	296,995
Loans and borrowings (Note 27)	3,071,858	2,361,710	-	-
Lease liabilities (Note 31)	21,761	20,228	-	-
<i>Total financial liabilities carried at amortised cost</i>	<u>4,150,262</u>	<u>3,196,834</u>	<u>478,867</u>	<u>301,982</u>

* Excludes post-employment benefits and value-added tax.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

24. Trade and other payables (Continued)

Trade payables – third parties are non-interest bearing and are normally settled on 60-days credit terms.

Trade payables – related parties and subsidiaries are unsecured, non-interest bearing and repayable on demand in cash.

Other payables – subsidiary is non-trade related, unsecured, non-interest bearing and repayable on demand in cash.

As at 31 December 2023, trade and other payables denominated in currencies of which have exposure to foreign currency risk (Note 33.2) are as follows:

	Group		Company	
	2023	2022	2023	2022
	Rp'million	Rp'million	Rp'million	Rp'million
United States Dollar	57,750	21,751	-	-
Singapore Dollar	619	1,004	576	770

25. Other liabilities

	Group		Company	
	2023	2022	2023	2022
	Rp'million	Rp'million	Rp'million	Rp'million
<u>Current</u>				
Accrual for operating expenses	36,506	46,093	2,633	2,443
Accrued interest expense	25,607	10,843	-	-
Post-employment benefits (Note 28)	58,962	24,691	-	-
Value-added tax	4,576	1,935	-	167
Others	492	85	-	-
	126,143	83,647	2,633	2,610
<u>Non-current</u>				
Amount due to a subsidiary	-	-	284,812	294,552
<i>Total other liabilities</i>	126,143	83,647	287,445	297,162
Balances denominated in currency of which have exposure to foreign currency risk (Note 33.2):				
Singapore Dollar	2,745	2,698	2,326	2,443

Amount due to a subsidiary is non-trade related, unsecured, non-interest bearing and not expected to be repaid within the next twelve months.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

26. Advances from customers

	Group		Company	
	2023	2022	2023	2022
	Rp'million	Rp'million	Rp'million	Rp'million
<u>Current</u>				
Local	2,898	2,896	-	-
Export	49,241	30,584	29	29
	52,139	33,480	29	29
<u>Non-current</u>				
Export	260,393	-	-	-
Total advances from customers	312,532	33,480	29	29

Advances from customers (contract liabilities) represent advances received from customers for sales of the Group's/Company's products. The non-current advances from a customer bears interest of 10% per annum and is not scheduled for utilisation within 12 months from the end of the reporting period.

Significant changes in the contract liabilities during the financial year are disclosed as follows:

	Group		Company	
	2023	2022	2023	2022
	Rp'million	Rp'million	Rp'million	Rp'million
Advances from customers recognised as revenue	33,480	5,369	-	-
Advance payments received for goods not yet transferred	(312,532)	(33,480)	(29)	(29)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

27. Loans and borrowings

	Group	
	2023	2022
	Rp'million	Rp'million
Current		
Interest-bearing short-term bank loans ⁽¹⁾⁽²⁾	1,509,199	1,305,696
Interest-bearing long-term bank loans – current portion ⁽²⁾	385,966	130,117
	<u>1,895,165</u>	<u>1,435,813</u>
Non-current		
Interest-bearing long-term bank loans – non-current portion ⁽²⁾	1,039,197	849,131
Interest-bearing term notes ⁽²⁾	137,496	76,766
	<u>1,176,693</u>	<u>925,897</u>
Total loans and borrowings	<u><u>3,071,858</u></u>	<u><u>2,361,710</u></u>

⁽¹⁾ Included in the interest-bearing short-term bank loans, an amount of Rp73,902 million (2022: Rp73,913 million) is bank borrowings from a related party, PT Bank Sahabat Sampoerna.

⁽²⁾ Included in the interest-bearing bank loans and bonds/term notes were deferred transaction costs netted-off of Rp6,937 million and Rp5,821 million (2022: Rp9,638 million and Rp11,454 million) respectively which are amortised over the terms of repayment of the respective loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

27. Loans and borrowings (Continued)

27.1 Interest-bearing loans

	Group	
	2023	2022
	Rp'million	Rp'million

- | | | | |
|-----|---|-----------|-----------|
| (i) | <p>Total syndicate loans facilities from <u>PT Bank OCBC NISP Tbk</u> and <u>OCBC Limited</u> up to US\$2,000,000 (approximately Rp30,832 million) (2022: US\$2,000,000 (approximately Rp31,462 million)) and Rp335,995 million (2022: Rp336,050 million) comprising demand loans, pre-shipment financing and bill purchase, post import financing non letter of credit or trade purchase financing and bank guarantee which incur interest at 1 month Term SOFR plus 3.00% (2022: 1 month LIBOR plus 3.50%) and 1 month JIBOR plus 2.35% (2022: lender prime lending rate of 8.75% - 9.25%) per annum, respectively.</p> | 1,675,228 | 1,053,945 |
|-----|---|-----------|-----------|

Total bilateral loan facilities from PT Bank OCBC NISP Tbk up to Rp223,000 million and US\$27,000,000 (approximately Rp416,232 million) (2022: up to Rp223,000 million and US\$27,000,000 (approximately Rp424,737 million)) comprising term loan, pre-shipment financing, letter of credit/SKBDN facility, demand loan, trade financing facility and foreign exchange line.

Term loan under bilateral loan facility of Rp150,000 million (2022: Rp150,000 million) incur interest at 1 month JIBOR plus 2.60% (2022: lender prime lending rate of 9.00% - 9.25%) per annum and repayable on monthly installments, commencing from June 2021.

Pre-shipment financing under bilateral loan facility of Rp58,000 million (2022: Rp58,000 million) incur interest at 1 month JIBOR plus 2.35% (2022: lender prime lending rate of 8.75% - 9.25%) per annum and is repayable within 75 days after withdrawal.

Letter of credit/SKBDN facility of Rp15,000 million (2022: Rp15,000 million) incur commission fee at 0.25% - 0.50% (2022: 0.25% - 0.50%) per quarter.

Demand loan facility of US\$2,000,000 (2022: US\$2,000,000) incur interest at 1 month Term SOFR plus 3.00% (2022: 1 month LIBOR plus 3.50%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

27. Loans and borrowings (Continued)

27.1 Interest-bearing loans (Continued)

Group	
2023	2022
Rp'million	Rp'million

(i) (Continued)

Trade receivables financing facility under bilateral loan facility of US\$20,000,000 (approximately Rp308,320 million) (2022: US\$20,000,000 (approximately Rp314,620 million)) incur interest at 1 month Term SOFR plus 3.00% (2022: 1 month LIBOR plus 3.50%) per annum.

Total loan facilities from PT Bank OCBC NISP Tbk for Mangole Project up to US\$84,000,000 (approximately Rp1,294,944 million) (2022: US\$75,000,000 (approximately Rp1,179,825 million)) comprising term loans and demand loans. Term loans facilities consist of US\$74,000,000 (2022: US\$65,000,000) incur interest at 3 month Term SOFR plus 2.75% plus adjustable margin (2022: 3 month LIBOR plus 3.50% plus adjustable margin) per annum and repayable on quarterly installments within 8 years from the first withdrawal date. Demand loans facilities consist of US\$10,000,000 (2022: US\$10,000,000) incur interest at 1 month Term SOFR plus 2.25% and 1 month JIBOR plus 2.35% (2022: 1 month LIBOR plus 3.25% and lender prime lending rate of 9.25%) per annum, and repayable every 45 days since withdrawal date.

The bank facilities include financial covenants which require a group of subsidiaries to maintain EBITDA to debt service ratio not less than 1.25 times (2022: not less than 1.25 times), adjusted leverage ratio not more than 2.5 times (2022: not more than 2.5 times), consolidated debt to EBITDA not more than 3 times (2022: not more than 3 times), loan to value ratio not more than 75% (2022: not more than 75%), and adjusted current ratio not less than 1 time (2022: not less than 1 time).

- | | | | |
|------|--|--------|--------|
| (ii) | US\$5,000,000 (approximately Rp77,080 million) (2022: US\$5,000,000 (approximately Rp78,655 million)) multi-currency specific advance facility from <u>OCBC Limited</u> and payable within 1 - 3 months. Interest rate per annum to be agreed at each withdrawal of advance. | 77,080 | 78,655 |
|------|--|--------|--------|

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

27. Loans and borrowings (Continued)

27.1 Interest-bearing loans (Continued)

	Group	
	2023	2022
	Rp'million	Rp'million
(iii) Rp75,000 million (2022: Rp75,000 million) revolving overdraft facility from <u>PT Bank Sahabat Sampoerna</u> and is repayable in 12 months from the date of withdrawal and incur interest at 12.00% - 13.50% (2022: 12.00% - 13.50%) per annum.	73,902	73,913
(iv) As at 31 December 2022, total loan facilities from <u>PT Bank CTBC Indonesia</u> up to US\$6,000,000 (approximately Rp92,496 million) in 2022 comprised short-term loan for working capital and procurement facilities and foreign exchange line. These facilities were repayable within 12 months from the date of withdrawal and incurred interest at 5.00% - 6.75% per annum for US\$ loan and 9.75% - 11.00% per annum for Rp loan. The loans facilities have been fully repaid in January 2023.	28,060	93,265
As at 31 December 2023, total loan facilities from <u>PT Bank CTBC Indonesia</u> up to US\$4,000,000 (approximately Rp61,664 million) in 2023 comprising short-term loan for working capital and foreign exchange line. The working capital facilities are repayable within 12 months from the date of withdrawal and incur interest at 6.00% - 6.25% per annum for US\$ loan and 10.00% - 10.25% per annum for Rp loan.		
The bank facilities include financial covenants which require the lenders to maintain debt to equity ratio not more than 2.5 times (2022: not more than 2 times) and current ratio not less than 1 time (2022: not less than 1 time).		
(v) As at 31 December 2022, 3-year term of private placement of medium-term notes up to US\$3,000,000 (approximately Rp47,193 million) and Rp30,000 million. The medium-term notes are repayable in 36 months from date of issuance and incur interest at fixed rates of 8.50% per annum for US\$ term note and 13.00% per annum for Rp term note. The loans facilities have been fully repaid in July 2023.	137,496	76,766
As at 31 December 2023, 3-year term of private placement of bonds up to US\$6,000,000 (approximately Rp92,496 million) and Rp45,000 million. The bonds are repayable in 36 months from date of issuance and incur interest at fixed rates of 11.00% per annum for US\$ bonds and 16.50% per annum for Rp bonds.		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

27. Loans and borrowings (Continued)

27.1 Interest-bearing loans (Continued)

	Group	
	2023	2022
	Rp'million	Rp'million
(vi) Total facilities from <u>PT Bank BCA Tbk</u> up to US\$15,000,000 (approximately Rp231,240 million) (2022: US\$15,000,000 (approximately Rp235,965 million)) comprising time loan revolving loan for working capital and foreign exchange line. The working capital facilities are repayable in 12 months from the credit signing date and incur interest at 5.00% - 6.00% (2022: 5.00%) per annum.	154,083	157,308
<p>The bank facilities include financial covenants which require the lenders to maintain EBITDA to debt service ratio not less than 1 time (2022: not less than 1 time), debt to equity ratio not more than 2.5 times (2022: not more than 2.5 times), debt to EBITDA not more than 5 times (2022: not more than 5.5 times), and total amount of trade receivables, inventories, and advance to suppliers, minus trade payables more than the outstanding short term bank loan.</p>		
(vii) Total loans facilities from <u>PT Bank Mandiri Tbk</u> up to US\$40,000,000 (approximately Rp616,640 million) (2022: US\$40,000,000 (approximately Rp629,240 million)) comprising term loans, demand loans, and foreign exchange line. Term loans facilities consist of US\$15,000,000 (approximately Rp231,240 million) (2022: US\$15,000,000 (approximately Rp235,965 million)) incur interest at 6.25% - 8.00% (2022: 4.25% - 6.25%) per annum and repayable within 5 years from the credit signing date, working capital facilities of US\$15,000,000 (2022: US\$15,000,000), incur interest at 5.50% - 7.75% (2022: 4.00% - 5.50%) per annum and repayable within 1 year from the credit signing date, and foreign exchange line facilities up to US\$10,000,000 (2022: US\$10,000,000), respectively.	395,067	352,565

The bank facilities include financial covenants which require a group of subsidiaries to maintain EBITDA to debt service ratio not less than 100% (2022: not less than 100%), debt to equity ratio not more than 400% (2022: not more than 400%), current ratio not less than 100% (2022: not less than 100%), and to maintain positive net worth.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

27. Loans and borrowings (Continued)

27.1 Interest-bearing loans (Continued)

	Group	
	2023	2022
	Rp'million	Rp'million
(viii) US\$20,000,000 (approximately Rp308,320 million) (2022: US\$20,000,000 (approximately Rp314,620 million)) from <u>PT Bank Woori Sahabat Indonesia 1906 Tbk</u> general financing facility repayable in quarterly installments and incur interest at 3-month Term SOFR plus 3.75% (2022: 3-month LIBOR plus 3.75%) per annum.	238,948	275,293
<p>The loan includes financial covenants which require the lenders to maintain EBITDA to interest expense ratio not less than 1.2 times (2022: not less than 1.2 times) and debt to asset ratio not more than 50% (2022: not more than 50%).</p>		
(ix) Rp200,000 million revolving overdraft facility from <u>PT Bank Capital Tbk</u> and is repayable in 12 months from the date of signing and incur interest at 11.00% - 12.00% per annum.	200,000	200,000
(x) Total facilities from <u>PT Bank UOB</u> up to US\$16,000,000 (approximately Rp246,656 million) comprising working capital and foreign exchange line. These facilities are repayable in 12 months from the credit signing date and incur interest at 6.50% - 8.55% per annum for US\$ loan and 8.50% - 9.65% per annum for Rp loan.	91,994	-
<p>The bank facilities include financial covenants which require the lenders to maintain debt to equity ratio not more than 2.5 times, interest service coverage ratio not less than 1.2 times and current ratio not less than 1 time.</p>		
Total interest-bearing loans	3,071,858	2,361,710

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

27. Loans and borrowings (Continued)

27.1 Interest-bearing loans (Continued)

	Group	
	2023	2022
	Rp'million	Rp'million
Effective interest rates per annum:		
US\$ loans and borrowings	5.00% - 11.00%	4.00% - 7.49%
Rp loans and borrowings	8.50% - 16.50%	8.75% - 13.50%
Repayable:		
Within one year	1,895,165	1,435,813
Between two and five years	1,176,693	925,897
	3,071,858	2,361,710
Balances denominated in currency of which have exposure to foreign currency risk (Note 33.2):		
United States Dollar	2,199,240	1,447,402

The interest-bearing bank loans are secured over the Group's buildings and improvements, machinery and heavy equipment, and construction in progress of buildings and machinery (Note 12), land use rights (Note 15), inventories (Note 18) and trade receivables (Note 19) held by certain subsidiaries. Further, all other assets of these subsidiaries are on negative pledge to the relevant lenders and some restrictions on dividend payment are imposed on them.

Financial covenants

During the current financial year, a subsidiary of the Group has not met certain financial ratio covenants as set out in the loan agreements with certain banks, but the relevant banks have granted the subsidiary waivers of having to comply with such financial ratio covenants. Accordingly, the related long-term loans amounting to Rp982,021 million (2022: Rp513,523 million) continues to be classified under non-current liabilities as at year end.

Management is of the opinion that the foregoing banks will continue to support the subsidiary notwithstanding the non-compliance with the financial ratio covenants, which is technical in nature, and moreover, there were no loan repayment default by the subsidiary for the related loans.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

27. Loans and borrowings (Continued)**27.2 Reconciliation of liabilities arising from financing activities**

A reconciliation of liabilities arising from financing activities is as follows:

	Cash flows			Non-cash changes			Ending balance Rp/million
	Beginning balance Rp/million	Proceeds ⁽¹⁾ Rp/million	Repayments Rp/million	Foreign exchange movement Rp/million	Non-cash items ⁽²⁾ Rp/million	Additions of right-of-use assets Rp/million	
Group							
2023							
Short-term loans	1,728,412	5,615,707	(5,413,908)	(9,254)	15,103	-	1,936,060
Long-term loan	482,517	646,484	(188,351)	(16,252)	-	-	924,398
Medium-term notes	76,766	137,496	(76,248)	(945)	427	-	137,496
Bank overdraft	74,015	178,637	(178,748)	-	-	-	73,904
	2,361,710	6,578,324	(5,857,255)	(26,451)	15,530	-	3,071,858
Lease liabilities	20,228	-	(10,762)	(4,178)	-	16,473	21,761
	2,381,938	6,578,324	(5,868,017)	(30,629)	15,530	16,473	3,093,619

⁽¹⁾ The proceeds of interest-bearing bank loans net of transaction costs of Rp11,065 million.⁽²⁾ Mainly relates to amortisation of deferred transaction costs and interests.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

27. Loans and borrowings (Continued)**27.2 Reconciliation of liabilities arising from financing activities (Continued)**

A reconciliation of liabilities arising from financing activities is as follows:

	Cash flows				Non-cash changes			Ending balance Rp/million
	Beginning balance Rp/million	Proceeds ⁽¹⁾ Rp/million	Repayments Rp/million	Foreign exchange movement Rp/million	Non-cash items ⁽²⁾ Rp/million	Additions of right-of-use assets Rp/million		
Group								
2022								
Short-term loans	988,454	4,866,554	(4,236,101)	81,801	27,704	-	-	1,728,412
Long-term loan	406,371	110,876	(67,595)	32,865	-	-	-	482,517
Medium-term notes	71,649	-	-	4,386	731	-	-	76,766
Bank overdraft	50,924	548,697	(525,606)	-	-	-	-	74,015
	1,517,398	5,526,127	(4,829,302)	119,052	28,435	-	-	2,361,710
Lease liabilities	32,622	-	(34,198)	113	-	21,691	-	20,228
	1,550,020	5,526,127	(4,863,500)	119,165	28,435	21,691	-	2,381,938

⁽¹⁾ The proceeds of interest-bearing bank loans net of transaction costs of Rp10,109 million.⁽²⁾ Mainly relates to amortisation of deferred transaction costs and interests.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

28. Post-employment benefits

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit pension plan is as follows:

	Group	
	2023	2022
	Rp'million	Rp'million
Post-employment benefits liabilities:		
Current portion (Note 25)	58,962	24,691
Non-current portion	239,517	224,393
	<u>298,479</u>	<u>249,084</u>

The Group calculates and records post-employment benefits for its qualified employees based on Indonesia Labour Law No. 11/2020 concerning Job Creation. As at 31 December 2023, the number of employees entitled to the post-employment benefits was 6,664 (2022: 6,868).

The Group also has a defined contribution pension plan that covers certain permanent employees. This defined contribution pension plan is managed and administered by Dana Pensiun Manulife Indonesia which was established by the Group to manage the assets, generate investment income and pay the post-employment benefits to the employees.

The cost of the defined benefit pension plan and the present value of the pension obligation are calculated using actuarial valuation determined by an independent actuary. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, inflation rate, future salary increases, mortality rates and future pension increases.

The following tables summarise the components of provision for post-employment benefits included in the consolidated statement of financial position:

	Group	
	2023	2022
	Rp'million	Rp'million
<u>Post-employment benefits liabilities</u>		
At 1 January	249,084	262,343
Post-employment benefits expense (see below)	37,090	1,499
Actual payments during the year:		
Employees	(47,614)	(16,700)
Dana Pensiun Manulife Indonesia	-	(2,000)
Actuarial loss during the year (see below)	59,919	3,942
At 31 December	<u>298,479</u>	<u>249,084</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

28. Post-employment benefits (Continued)

The following table summarises the components of provision for post-employment benefits included in the consolidated income statement:

	Group	
	2023	2022
	Rp'million	Rp'million
<u>Post-employment benefits expense</u>		
Current service costs	23,047	27,088
Past service costs	-	(57,955)
Interest costs	14,043	14,117
Present value of new employee registered	-	18,249
	<u>37,090</u>	<u>1,499</u>

The following table summarises the re-measurements, comprising of actuarial gains/losses, recognised in other comprehensive income:

	Group	
	2023	2022
	Rp'million	Rp'million
Actuarial loss during the year before tax	59,919	3,942
Tax credit	(11,745)	(867)
Actuarial loss during the year after tax	<u>48,174</u>	<u>3,075</u>

The cost of providing post-employment benefits is calculated by an independent actuary, using the following key assumptions:

	Group	
	2023	2022
	Rp'million	Rp'million
Discount rate per annum	6.60% - 6.91%	7.07% - 7.38%
Mortality table*	TMI IV – 2019	TMI IV – 2019
Rate of increase in compensation per annum	8%	8%
Retirement age	55 years old	55 years old

* TMI IV – 2019 refers to the Table of Mortality in Indonesia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

28. Post-employment benefits (Continued)

The sensitivity analysis below has been determined based on reasonably possible changes of the below key assumption on the post-employment benefits at the end of the reporting period, assuming if all other assumptions are held constant.

	Present value of obligations		Current service costs	
	2023	2022	2023	2022
	Rp'million	Rp'million	Rp'million	Rp'million
As reported using discount rate of 6.60% - 6.91% (2022: 7.07% - 7.38%) per annum	298,479	249,084	37,090	7,383
Increase by 100 basis points	282,896	234,454	23,047	1,109
Decrease by 100 basis points	322,061	271,534	23,047	1,109

29. Share capital

	Group and Company			
	2023		2022	
	Number of ordinary shares	Rp'million	Number of ordinary shares	Rp'million
Issued and fully paid				
At 1 January	2,408,171,095	545,713	2,395,703,563	542,889
Issuance of shares under Samko Timber Performance Share Plan (Note 30.1)	-	-	12,467,532	2,824
At 31 December	2,408,171,095	545,713	2,408,171,095	545,713

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

30. Other reserves and non-controlling interests

30.1 Other reserves

The following table summarises the movement in the Company's other reserves.

	Company	
	2023	2022
	Rp'million	Rp'million
Foreign currency translation reserve		
At 1 January	(17,260)	11,567
Exchange differences on translation	6,266	(28,827)
At 31 December	(10,994)	(17,260)

Restructuring reserve

Restructuring reserve of the Group represents the difference between the nominal value of shares issued in exchange for the nominal value of shares and reserves of subsidiaries acquired under common control, in accordance with the principles of merger accounting.

Premium paid on acquisition of non-controlling interests

Premium paid on acquisition of non-controlling interest of the Group represents the difference between the consideration paid and the nominal value of shares and reserves acquired.

Performance Share Plan ("PSP") reserve

PSP reserve represents the equity-settled share awards granted to employees under the Samko Timber Performance Share Plan (the "Samko PSP"). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share awards, and is reduced by the expiry or release of the share awards.

On 29 August 2018, the Company had granted 21,653,058 of share awards ("2018 Awards") under the Samko PSP to Riko Setyabudhy Handoko, Executive Director and Chief Executive Officer of the Company (the "CEO") for his performance from 2016 to 2018, subject to certain vesting periods as disclosed below.

Group/Company	Number of share awards
2018 awards	
- Vest on 29 August 2018	3,100,000
- Vest on 27 June 2020	7,685,778
- Vest on 27 June 2021	10,867,280
	<u>21,653,058</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

30. Other reserves and non-controlling interests (Continued)

30.1 Other reserves (Continued)

Performance Share Plan ("PSP") reserve (Continued)

On 13 September 2019, the Company had granted an additional 12,467,532 of share awards ("2019 Awards") under the Samko PSP to the CEO for his performance in 2019, subject to the vesting period as disclosed below.

Group/Company	Number of share awards
<u>2019 awards</u>	
- Vest on 27 June 2022	<u>12,467,532</u>

No share awards were granted during the current financial year.

Share awards granted and released during the previous financial year, and share awards outstanding as at the end of the previous financial year, are as follows:

	Group/Company		
	At the beginning of year	Share awards granted	Share awards released
			At the end of year
2022			
2019 awards	12,467,532	- (12,467,532)	-

During the previous financial year, 12,467,532 of share awards were released and no more outstanding share awards at the end of the reporting date.

Movements in the performance share plan reserve of the Group during the previous financial year are disclosed in the Group's consolidated statement of changes in equity.

Fair value measurement

The fair value of the PSP granted was estimated by management using the last traded price as at the date of grant less the present value of expected dividend during the vesting period as a valuation basis.

The relevant inputs to the fair value model and the fair value of the share awards determined as at the date of grant are shown below.

	2019 award	2018 award
Dividend yield (%)	Nil	Nil
Expected volatility (%)	Nil	Nil
Last traded share price (\$\$ cents)	0.020	0.020
Last traded share price	<u>(Rp209)</u>	<u>(Rp209)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

30. Other reserves and non-controlling interests (Continued)

30.1 Other reserves (Continued)

Foreign currency translation reserve

Foreign currency translation reserve of the Group/Company represents exchange differences arising from the translation of the financial statements of the group entities' operations whose functional currencies are different from that of the Group's presentation currency.

Movements in the foreign currency translation reserve of the Group during the financial year are disclosed in the Group's consolidated statement of changes in equity.

30.2 Non-controlling interests

Movements in the non-controlling interests during the financial year are disclosed in the Group's consolidated statement of changes in equity.

The Group has the following subsidiary that has material non-controlling interests ("NCI") at the end of the reporting period:

Name of subsidiary	Proportion of ownership interest and voting rights held by NCI	Other comprehensive		
		Profit/(Loss) allocated to NCI	(loss)/income allocated to NCI	Accumulated NCI
		Rp'million	Rp'million	Rp'million
2023				
PT Sumber Graha Maluku and its subsidiaries*	49%	51,960	38	371,551
2022				
PT Sumber Graha Maluku and its subsidiaries*	49%	14,327	(48)	330,390

* Group entities refer to Note 13.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

30. Other reserves and non-controlling interests (Continued)

30.2 Non-controlling interests (Continued)

Summarised consolidated financial information in respect of PT Sumber Graha Maluku and its subsidiaries is set out as below. The summarised financial information below represents amounts before intragroup elimination.

	2023	2022
	Rp'million	Rp'million
Non-current assets	2,092,246	1,006,129
Current assets	195,730	398,722
Non-current liabilities	(1,044,624)	(621,904)
Current liabilities	(470,147)	(99,564)
Equity attributable to equity holder of the Company	401,654	352,993
Non-controlling interests	371,551	330,390
Revenue	-	-
Profit and other comprehensive income for the year	89,822	29,141
Profit and comprehensive income for the year:		
Allocated to the equity holder of the Company	45,809	14,862
Allocated to NCI	44,013	14,279
	89,822	29,141
Net cash flows generated from operating activities	144,919	65,729
Net cash flows used in investing activities	(750,647)	(646,962)
Net cash flows generated from financing activities	621,161	579,148
Net cash inflow/(outflow)	15,433	(2,085)

31. Leases

The Group as a lessee

31.1 Nature of the Group's leasing activities

The Group has entered into leases of buildings in respect of its offices in Indonesia and Singapore. The Group also leases machinery and heavy equipment and vehicles for its manufacturing division. These leases do not have extension options. The Group is prohibited from selling, pledging or sub-leasing the underlying leased assets, and is required to maintain the assets in good condition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

31. Leases (Continued)The Group as a lessee (Continued)**31.2 Carrying amount of right-of-use assets**

	Group	
	2023	2022
	Rp'million	Rp'million
Buildings	12,405	19,062
Machinery and heavy equipment	9,486	64,599
Vehicles	4,623	2,489
	<u>26,514</u>	<u>86,150</u>

The additions of right-of-use assets during the financial year are as below.

	Group	
	2023	2022
	Rp'million	Rp'million
Buildings	3,359	18,976
Machinery and heavy equipment	9,737	-
Vehicles	3,377	2,715
	<u>16,473</u>	<u>21,691</u>

31.3 Amounts recognised in profit or loss

	Group	
	2023	2022
	Rp'million	Rp'million
Depreciation charge for the year:		
Buildings	9,958	9,815
Machinery and heavy equipment	252	6,743
Vehicles	1,242	227
	<u>11,452</u>	<u>16,785</u>
Interest on lease liabilities (Note 7)	1,307	1,630
Short-term leases expense (Note 9)	3,293	2,529

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

31. Leases (Continued)

The Group as a lessee (Continued)

31.4 Lease liabilities

	Group	
	2023	2022
	Rp'million	Rp'million
<u>Current</u>		
Lease liabilities	13,027	9,071
<u>Non-current</u>		
Lease liabilities	8,734	11,157
	<u>21,761</u>	<u>20,228</u>
Balances denominated in currencies of which have exposure to foreign currency risk (Note 33.2):		
United States Dollar	<u>1,627</u>	<u>2,628</u>

31.5 Total cash outflow

The Group has total cash outflow for payment of lease liabilities – principal portion of Rp10,762 million (2022: Rp34,198 million) and payment of short-term leases expense of Rp3,293 million (2022: Rp2,529 million) during the financial year.

32. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group entered into transactions with related parties who are not members of the Group during the financial year, on terms agreed between the parties, as shown below.

	Group	
	2023	2022
	Rp'million	Rp'million
Office rental paid/payable to PT Sampoerna Land	7,411	7,163
Interest expense paid/payable to PT Bank Sahabat Sampoerna	<u>9,463</u>	<u>7,107</u>

PT Sampoerna Land and PT Bank Sahabat Sampoerna are controlled by the Sampoerna family, which are related to a substantial shareholder of the Company.

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For the financial year ended 31 December 2023

32. Significant related party transactions (Continued)

Compensation of Directors and key management personnel

The remuneration of the Directors and key management personnel of the Group during the financial year are as follows:

	Group	
	2023	2022
	Rp'million	Rp'million
Director fees	3,353	3,141
Short-term employee benefits	39,289	41,452
Defined contribution plan benefits	177	177
Equity-settled performance share plan	-	185
	42,819	44,955
Comprise amount paid/payable to:		
Directors of the Company	18,079	19,897
Other key management personnel	24,740	25,058
	42,819	44,955

Corporate guarantees

At the reporting date, the Company has granted corporate guarantees to banks for the Group's interest-bearing loans disclosed in Note 27 totaling Rp1,287,757 million (2022: Rp1,145,741 million). These corporate guarantees executed by the Company have not been recorded at fair value, as in the view of the management, the difference in the interest rates, by comparing the actual rates charged by the banks with these corporate guarantees made available, with the estimated rates that the banks would have charged had those corporate guarantees not been made available, is not material.

The corporate guarantees are subject to impairment assessment. The Company has assessed that its subsidiaries have a strong financial capacity to meet the contractual cash flow obligations in the near future and henceforth does not expect significant credit losses arising from these corporate guarantees.

33. Financial instruments and financial risks

Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer, Head of Treasury and Head of Credit Control. The Audit Committee provides independent oversight to the effectiveness of the risk management process. These risks include credit risk, foreign currency risk, interest rate risk and liquidity risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

33. Financial instruments and financial risks (Continued)

Financial risk management objectives and policies (Continued)

33.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group generally does not require collateral. The Group reviews the recoverable amount of each trade receivable and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

At the reporting date, the Group does not have significant credit risk exposure to any individual customer's balance of trade receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings. The Group's maximum exposure to credit risk arises from the carrying amount of the respective recognised financial assets as present on the consolidated statement of financial position. In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks provided by the Group. The Group's maximum exposure in this respect is the maximum amount the Group is liable to pay if the guarantees are called on as disclosed in Note 33.4.

Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses, trade receivables are grouped based on their shared credit risk characteristics and numbers of days past due. The expected credit losses on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Further details on the loss allowance of the Group's credit risk exposure in relation to trade receivables are disclosed in Note 19.

Cash and bank balances and other financial assets

The cash and bank balances are entered into with banks and financial institutions that have high credit- ratings.

Impairment on cash and bank balances and other financial assets has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances and other financial assets have low credit risk based on the external credit ratings of the counterparties. The amount of the loss allowances on cash and bank balances and other financial assets was insignificant except for the other receivables as disclosed in Note 19.

Corporate guarantees

The Company has issued corporate guarantees to banks for its subsidiaries' bank borrowings. The Company does not expect significant credit losses arising from these corporate guarantees as disclosed in Note 32.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

33. Financial instruments and financial risks (Continued)

Financial risk management objectives and policies (Continued)

33.1 Credit risk (Continued)

Credit risk grading guideline

The Group's management assesses the default risk of debtors using the following internal credit risk grading system:

Internal credit risk rating grades	Definition	Basis of recognition of expected credit loss (ECL)
i. Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
ii. Under-performing	There has been a significant increase in credit risk since initial recognition.	Lifetime ECL (not credit-impaired)
iii. Non-performing	There is evidence indicating that the asset is credit-impaired.	Lifetime ECL (credit impaired)
iv. Write-off	There is evidence indicating that there is no reasonable expectation of recovery as the debtor is in severe financial difficulty.	Asset is written off

Credit risk exposure

The credit quality of the Group's financial assets, as well as maximum exposure to credit risk by internal rating grades is presented as follows:

Group	Internal credit risk rating	ECL	Gross carrying amount	Loss allowance	Net carrying amount
			Rp'million	Rp'million	Rp'million
2023					
Trade receivables	Note 1	Lifetime ECL (Simplified)	230,235	(36,932)	193,303
Other receivables	Performing	12-month ECL	16,630	-	16,630
Cash at banks and on hand	Performing	N.A. – exposure limited	30,372	-	30,372
2022					
Trade receivables	Note 1	Lifetime ECL (Simplified)	378,417	(36,071)	342,346
Other receivables	Performing	12-month ECL	118,426	(3,838)	114,588
Cash at banks and on hand	Performing	N.A. – exposure limited	26,882	-	26,882

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For the financial year ended 31 December 2023

33. Financial instruments and financial risks (Continued)

Financial risk management objectives and policies (Continued)

33.1 Credit risk (Continued)

Credit risk exposure (Continued)

The credit quality of the Company's financial assets, as well as maximum exposure to credit risk by internal rating grades is presented as follows:

	Internal credit risk rating	ECL	Gross carrying amount Rp'million	Loss allowance Rp'million	Net carrying amount Rp'million
Company					
2023					
Trade receivables	Note 1	Lifetime ECL (Simplified)	-	-	-
Other receivables	Performing	12-month ECL	-	-	-
Cash at banks and on hand	Performing	N.A. – exposure limited	215	-	215
2022					
Trade receivables	Note 1	Lifetime ECL (Simplified)	655	(655)	-
Other receivables	Performing	12-month ECL	17,642	(691)	16,951
Cash at banks and on hand	Performing	N.A. – exposure limited	692	-	692

Note 1 – The Group and the Company have applied the simplified approach to measure the loss allowance based on lifetime ECL. The details of the loss allowances for these financial assets are disclosed in Note 19.

33.2 Foreign currency risk

The Group has transactional currencies exposures arising from sales and purchases, cash and bank balances, and loans and borrowings denominated in currencies other than the functional currencies of the entities of the Group. The Group's trade receivable and trade payable balances at the reporting date have similar exposure. The foreign currency in which the Group's transactions are denominated and have exposure to foreign currency risk is primarily the United States Dollar ("US\$").

The carrying amounts of the Group's significant monetary assets and monetary liabilities, denominated in currencies other than the functional currency of the entities in which these assets/liabilities are held at the reporting date are disclosed in the respective notes in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

33. Financial instruments and financial risks (Continued)

Financial risk management objectives and policies (Continued)

33.2 Foreign currency risk (Continued)

Sensitivity analysis

The following table demonstrates the sensitivity of the Group's loss after tax to reasonably possible changes in the US\$ against Indonesia Rupiah ("Rp") exchange rate against USD with all other variables including tax being held constant:

	Group	
	2023	2022
	Rp'million	Rp'million
(Decrease)/Increase by:		
US\$/Rp - strengthened by 2% (2022: 4%)	(34,408)	(43,508)
US\$/Rp - weakened by 2% (2022: 4%)	34,408	43,508

Management considers the Company has no significant exposure to foreign currency risk.

Forward foreign currency contracts

In the previous financial year, the Group entered into forward foreign currency contracts to mitigate its foreign currency exposure in US\$ from its sale and purchase transactions. Below is a summary of the Group's forward foreign currency contracts outstanding at the end of the reporting period.

Foreign exchange forward contracts	Range of exchange rates (Rp)	Notional principal value	Derivative (liability)/asset at fair value Rp'million
Group			
2022			
Buy US\$ less than 6 months	14,918 to 15,698	US\$6,000,000	(2,116)

33.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's/Company's exposure to interest rates risk arises primarily from their loans and borrowings and cash at banks. The Group's/Company's policy is to manage interest cost by maintaining an appropriate mix of fixed and floating rate borrowings. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of the upward change in interest rate while enabling benefits to be enjoyed if interest rates fall.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

33. Financial instruments and financial risks (Continued)

Financial risk management objectives and policies (Continued)

33.3 Interest rate risk (Continued)

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. Surplus funds are placed with reputable banks and financial institutions which generate interest income for the Group.

A fundamental financial industry reform of interest rate benchmarks is being undertaken globally, including cessation and replacement of interbank offered rates ("LIBORs") with alternative nearly risk-free rates (referred to as "interest rate benchmark reform"). The Group's interest rate risk that is directly affected by the interest rate benchmark reform predominantly comprises its variable rate borrowings. As at 31 December 2023, the Group has variable rate borrowings that are indexed to LIBOR as disclosed in Note 27. The borrowing contracts which maturing after the cessation of interbank offered rates ("IBORs") publication include a fallback clause that deals with the cessation and replacement of the existing IBORs to other index benchmark and/or other bank rates.

Sensitivity analysis

The Group's bank borrowings interest rates are mainly floating rates. At the reporting date, if the bank borrowings interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's loss after tax would increase/decrease by Rp30,936 million (2022: Rp23,819 million).

Management considers the Company has no significant exposure to interest rate risk.

33.4 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's/Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings and advances from related parties, where required.

At the end of the reporting period, approximately 62% (2022: 61%) of the Group's loans and borrowings (Note 27) will be due in less than one year. The Group will continue to monitor and address this risk by monitoring liquidity ratios (including projecting cash flow) and maintaining debt financing plans. Management believes the access to sources of funding is sufficiently available. At the reporting date, the Group has at its disposal unused revolving loan and bank overdraft facilities amounting to Rp427,069 million (2022: Rp1,091,345 million) to draw down, if required. Further details on the Group's going concern are disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

33. Financial instruments and financial risks (Continued)

Financial risk management objectives and policies (Continued)

33.4 Liquidity risk (Continued)

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Carrying amount Rp'million	Within one year Rp'million	Within two years and five years Rp'million	Total contractual cash flow Rp'million
Group				
2023				
Trade and other payables	994,038	994,038	-	994,038
Other liabilities	62,605	62,605	-	62,605
Loans and borrowings	3,071,858	2,000,729	1,276,026	3,276,755
Lease liabilities	21,761	14,280	9,503	23,783
	4,150,262	3,071,651	1,285,529	4,357,180
2022				
Trade and other payables	757,875	757,875	-	757,875
Other liabilities	57,021	57,021	-	57,021
Loans and borrowings	2,361,710	1,422,828	1,200,245	2,623,073
Lease liabilities	20,228	10,215	11,657	21,872
	3,196,834	2,247,939	1,211,902	3,459,841
Company				
2023				
Trade and other payables	191,422	191,422	-	191,422
Other liabilities	287,445	2,633	284,812	287,445
Corporate guarantees	-	1,287,757	-	1,287,757
	478,867	1,481,812	284,812	1,766,624
2022				
Trade and other payables	4,987	4,987	-	4,987
Other liabilities	296,995	2,443	294,552	296,995
Corporate guarantees	-	1,145,741	-	1,145,741
	301,982	1,153,171	294,552	1,447,723

Corporate guarantees

The maximum amount of the financial guarantee contracts is allocated to the earliest period in which the guarantee could be called. The amount for financial guarantee contracts is the maximum amount the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on management's expectation at the end of the reporting period, the Company considers that it is not likely that such an amount will be payable under the arrangement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

33. Financial instruments and financial risks (Continued)

Financial risk management objectives and policies (Continued)

33.4 Liquidity risk (Continued)

Derivative financial instruments

The table below details the liquidity analysis for derivative financial instruments of the Group at the end of the reporting period. The table has been drawn up based on undiscounted gross inflows and (outflows) on those derivatives that require gross settlement.

	Gross inflows	Gross outflows	Unrealised fair value (loss)/gain
	Rp'million	Rp'million	Rp'million
Group			
2023			
Foreign exchange forward contracts - gross	-	(91,365)	-
2022			
Foreign exchange forward contracts - gross	91,365	(93,481)	(2,116)

34. Capital risk management

The primary objective of the Group's capital management is to ensure it maintains healthy capital ratios in order to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2022.

Management reviews the capital structure of the Group and makes adjustment to it, in light of changes in economic conditions. Management considers the cost of capital and the risks associated with each class of capital. The Group monitors capital using gearing ratio. The Group's debt comprises loans and borrowings (including lease liabilities). Capital includes all capital and reserves of the Group that are managed as capital.

It is not meaningful to disclose the net debt to capital ratio as the Group is currently in capital deficiency position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

35. Fair value measurement

Fair value hierarchy

The Group categories fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

The following table gives information about how the fair values are determined:

	(Level 1)	(Level 2)	(Level 3)	Total
	Rp'million	Rp'million	Rp'million	Rp'million
Group				
2023				
<u>Non-financial assets</u>				
Biological assets	-	-	641,227	641,227
2022				
<u>Financial liabilities</u>				
Derivative financial instruments	-	2,116	-	2,116
<u>Non-financial assets</u>				
Biological assets	-	-	495,535	495,535
<u>Level 2 fair value measurements</u>				

Derivative financial instruments - Foreign currency forward contracts

Valuation techniques with market observable inputs were used for the determination of the fair values of foreign currency forward contracts. The fair value of foreign currency forward contracts was calculated using forward exchange rates at the reporting date.

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For the financial year ended 31 December 2023

35. Fair value measurement (Continued)*Fair value hierarchy* (Continued)Level 3 fair value measurements*Biological assets – Standing Timber*

Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Discounted cash flows	<u>Market prices</u> <ul style="list-style-type: none"> Estimated future timber market price per m3 in Jambi and Jasinga - weighted average price of Rp922,973 (2022: Rp923,505) Estimated future timber market price per m3 in Maluku - weighted average price of Rp642,149 (2022: Rp712,885) 	<u>Market prices</u> The lower the market prices, the lower the fair value
	<u>Yield</u> <ul style="list-style-type: none"> Estimated yield per hectare in Jambi and Jasinga - weighted average yield of 65 m³ (2022: 65 m³) Estimated yield per hectare in Maluku - weighted average yield of 119 m3 (2022: 75 m³) 	<u>Yield</u> The lower the yield, the lower the fair value
	<u>Discount rate</u> <ul style="list-style-type: none"> Discount rate of 10.00% - 10.06% (2022: 12.02%) 	<u>Discount rate</u> The higher the discount rate, the lower the fair value

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

35. Fair value measurement (Continued)

Fair value hierarchy (Continued)

Level 3 fair value measurements (Continued)

Biological assets – Standing Timber (Continued)

For biological assets, a significant increase/(decrease) in the discount rate would result in a significantly lower/(higher) fair value measurement. The table below shows the impact on the Level 3 fair value measurement of biological assets that are sensitive to changes in the discount rate that reflects reasonably possible alternative assumption. The positive and negative effects are approximately the same.

	2023		2022	
	Carrying amount Rp'million	Effect of reasonably possible alternative assumption to profit or loss Rp'million	Carrying amount Rp'million	Effect of reasonably possible alternative assumption to profit or loss Rp'million
Group				
Increase by 1%	619,405	(21,549)	476,006	(16,631)
Decrease by 1%	663,660	22,705	510,160	17,522

In order to determine the effects of the above reasonably possible alternative assumption, the Group adjusted the key unobservable input, used in the fair value measurement, by adjusting the discount rate by increasing and decreasing the assumption by 1% (2022: 1%).

There were no transfers between level 1, 2 and 3 during the financial years ended 31 December 2023 and 2022.

Valuation policies and procedures

The significant non-financial assets of the Group categorised within Level 3 of the fair value hierarchy is biological assets. The fair value of biological assets is determined by external independent valuers who have the appropriate and recognised professional qualifications and experience in the biological assets being valued. The valuers provide the fair value of the Group's biological assets annually. The valuation and its financial impact are discussed with the Audit Committee and the Board of Directors of the Company in accordance with the Group's reporting policies.

Management has determined that the carrying amounts of cash at banks and on hand, other financial assets and financial liabilities carried at amortised costs and loans and borrowings based on their notional amounts as disclosed in the respective notes, reasonably approximate their fair values because they are mostly short term in nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

36. Segment information

For management purposes, the Group is organised into business divisions based on their products and services, and has three reportable segments as follows:

- **SGS division** – refers to the operations of PT Sumber Graha Sejahtera group of entities. This division is principally in the business of manufacturing and sales of 1) primary processed timber products (main) such as general plywood and laminated veneer lumber and 2) secondary processed timber products such as truck, piano body parts and decking.
- **SGM division** – refers to the operations of PT Sumber Graha Maluku group of entities. This division is principally in the business of manufacturing and sales of primary processed timber products (main) such as general plywood and wood pellet. There are no operations during the financial year except for capital expenditure on the Mangole Project - refer to the Company's announcement on 1 April 2022.
- **ST division** – refers to the operations of Samko Timber Limited and Samko Trading Pte Ltd group of entities. This division principally trades in all types of timber products manufactured by the division, SGS division and third parties. This division also produces mainly secondary timber products such as doors and windows.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss after tax which in certain respects, as explained in the table below, is measured differently from profit or loss after tax in the consolidated financial statements. Group corporate expenses are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

36. Segment information (Continued)

	SGS division		SGM division		ST division		Adjustments and eliminations		Per consolidated financial statements	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Rp/million	Rp/million	Rp/million	Rp/million	Rp/million	Rp/million	Rp/million	Rp/million	Rp/million	Rp/million
Revenue:	1,450,107	1,930,403	-	-	810,665	1,688,074	-	-	2,260,772	3,618,477
External customers	781,753	1,664,443	-	-	-	-	(781,753)	(1,664,443)	-	-
Inter-company	2,231,860	3,594,846	-	-	810,665	1,688,074	(781,753)	(1,664,443)	2,260,772	3,618,477
Total revenue										A
Other information:										
Capital expenditure on property, plant and equipment	108,086	105,061	924,886	342,061	164	199	-	-	1,033,136	447,321
Capital expenditure on right-of-use assets	5,522	15,001	9,737	1,494	1,214	5,196	-	-	16,473	21,691
Capital expenditure on land use rights	-	12,184	-	-	-	-	-	-	-	12,184
Finance income	252	91	37	5	11	163	-	-	300	259
Finance expense	(188,614)	(132,997)	(2,103)	(602)	(15,253)	(21,944)	-	-	(205,970)	(155,543)
Depreciation of property, plant and equipment	(71,740)	(78,932)	(2,200)	(697)	(446)	(532)	-	-	(74,386)	(80,161)
Depreciation of right-of-use assets	(8,343)	(13,520)	(747)	(720)	(2,362)	(2,545)	-	-	(11,452)	(16,785)
Amortisation of land use rights	(4,504)	(4,093)	(6,27)	(3,110)	(188)	-	-	-	(5,319)	(7,203)
Post-employment benefits expense	(34,854)	(6,981)	(1,096)	(76)	(1,140)	(326)	-	-	(37,090)	(7,383)
Net (loss)/gain on change in fair value of biological assets	(10,605)	(4,391)	153,075	57,036	(3,143)	-	-	-	139,327	52,645
Inventories written down to net realisable value	-	(5,878)	-	-	-	(9,049)	-	-	-	(14,927)
Inventories written-off	(1,156)	-	-	-	(481)	-	-	-	(1,637)	-
(Allowance for)/Reversal of impairment loss of financial assets, net	-	909	-	-	(2,578)	(10,557)	-	-	(2,578)	(9,648)
Net (loss)/gain on disposal of property, plant and equipment	(7,443)	17,330	9,402	826	-	243	-	-	1,959	18,399
Net foreign exchange differences	10,031	(72,286)	9,703	(22,219)	465	(6,535)	-	-	20,199	(101,040)
Income tax expense	(888)	(24,338)	(33,439)	(14,148)	(824)	(442)	-	-	(35,151)	(38,928)
Segment loss after tax	(707,171)	(1,814,911)	106,042	28,832	(100,419)	(99,764)	-	-	(701,548)	(252,423)

NOTES TO THE FINANCIAL STATEMENTS

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36. Segment information (Continued)

	SGS division		SGM division		ST division		Adjustments and eliminations		Per consolidated financial statements	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Rp'million	Rp'million	Rp'million	Rp'million	Rp'million	Rp'million	Rp'million	Rp'million	Rp'million	Rp'million
Assets:										
Deferred tax assets	93,471	82,665	229	67	6,625	7,197	-	-	100,325	89,929
Segment assets	2,509,219	2,650,390	2,278,220	1,258,204	3,368,864	1,074,543	(3,892,298)	(1,294,914)	4,264,005	3,688,223
									B	
Liabilities:										
Loans and borrowings	1,854,294	1,688,928	1,111,516	502,496	106,048	170,286	-	-	3,071,858	2,361,710
Lease liabilities	17,791	15,061	747	1,494	3,223	3,673	-	-	21,761	20,228
Income tax payable	3,892	2,255	754	1,511	188	121	-	-	4,834	3,887
Deferred tax liabilities	18,636	18,386	118,919	52,015	-	-	(33,171)	-	104,384	70,401
Segment liabilities	3,176,138	2,711,758	1,514,703	688,223	1,611,131	752,058	(1,426,905)	(594,302)	4,875,067	3,557,737
									B	

Note

- A. Inter-segment revenues are eliminated upon consolidation.
 B. These represent inter-segment amounts eliminated upon consolidation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

36. Segment information (Continued)

Geographical information

Revenue and other non-current assets information based on the geographical location of the customers and assets respectively are as follows:

	Group			
	Revenue		Non-current assets	
	2023	2022	2023	2022
	Rp'million	Rp'million	Rp'million	Rp'million
Indonesia	1,019,310	1,205,274	2,567,208	1,459,838
North Asia	542,069	1,000,924	-	-
North America	412,250	836,558	-	-
South East Asia (excluding Indonesia)	253,777	544,390	1,613	2,513
Others	33,366	31,331	-	-
	2,260,772	3,618,477	2,568,821	1,462,351

Non-current assets information presented above consist of property, plant and equipment, biological assets and land use rights as presented in the consolidated statement of financial position.

37. Capital commitment

Capital expenditure contracted for at the end of reporting period but not recognised in the financial statements is as follows:

	Group	
	2023	2022
	Rp'million	Rp'million
Commitments for the acquisition of property, plant and equipment	117,753	500,225

38. Events subsequent to reporting date

During the financial year, the Company undertook a renounceable non-underwritten rights issue of up to 7,224,513,285 new ordinary shares in the capital of the Company at an issue price of S\$0.003 for each rights share on the basis of 3 rights shares for every 1 existing ordinary share held by entitled shareholders. Pursuant to the rights issue, an aggregate of 6,238,236,973 rights shares have been allotted and issued on 4 January 2024 with the total rights issue proceeds of S\$18,714,711 or equivalent to Rp218,000 million. Following the allotment and issuance of the rights shares, the number of issued and paid-up shares in the Company has increased from 2,408,171,095 to 8,646,408,068 shares.

STATISTICS OF SHAREHOLDINGS

As at 28 March 2024

Class of shares	Number of issued shares excluding treasury shares	Voting Rights
Ordinary Shares	8,646,408,068	One vote per share

There are no treasury shares and subsidiary holdings held in the issued share capital of the Company.

ANALYSIS OF SHAREHOLDINGS

Size of Shareholding		Number of Shareholders		Number of Shares	
			%		%
1 -	99	17	1.44	392	0.00
100 -	1,000	39	3.30	21,656	0.00
1,001 -	10,000	249	21.08	1,385,100	0.02
10,001 -	1,000,000	761	64.44	132,454,153	1.53
1,000,001	and above	115	9.74	8,512,546,767	98.45
		1,181	100.00	8,646,408,068	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Sampoerna Forestry Limited	7,082,692,060	81.91	-	-

STATISTICS OF SHAREHOLDINGS

As at 28 March 2024

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	RAFFLES NOMINEES (PTE.) LIMITED	7,239,447,014	83.73
2.	UOB KAY HIAN PRIVATE LIMITED	193,582,786	2.24
3.	OCBC SECURITIES PRIVATE LIMITED	155,629,832	1.80
4.	CINDY SUNARKO OR KOH TJI BENG @AMBRAN SUNARKO	115,136,930	1.33
5.	TAN ENG CHUA EDWIN	104,743,400	1.21
6.	DBS NOMINEES (PRIVATE) LIMITED	80,011,606	0.93
7.	NATALIA TANWIR TAN	72,952,000	0.84
8.	MAYBANK SECURITIES PTE. LTD.	62,313,000	0.72
9.	TEMASEK LIFE SCIENCES VENTURES PRIVATE LIMITED	44,774,207	0.52
10.	HORNG JIIN SHUH @ HUNG CHING HSU	33,094,000	0.38
11.	HASAN HOLDINGS PTE LTD	28,485,846	0.33
12.	PHILLIP SECURITIES PTE LTD	25,799,768	0.30
13.	LIM PENG SIANG	18,000,000	0.21
14.	ARIS SUNARKO @ KO TJI KIM	17,225,000	0.20
15.	KOH BOON HONG	12,804,000	0.15
16.	RIKO SETYABUDHY HANDOKO	12,467,532	0.14
17.	KEE CHEE CHYE	12,000,000	0.14
18.	HSBC (SINGAPORE) NOMINEES PTE LTD	11,743,100	0.14
19.	FIRST FORTUNA HOLDINGS PTE LTD	10,597,000	0.12
20.	IFAST FINANCIAL PTE. LTD.	9,253,200	0.11

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately 16.34% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of Samko Timber Limited (the “**Company**”) will be held at Carlton Hotel Singapore, Empress Ballroom 1, Level 2, 76 Bras Basah Road, Singapore 189558 on Friday, 26 April 2024, at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Independent Auditors’ Report thereon. **(Resolution 1)**

2. To re-elect Mr Hadi Daryanto, a Director of the Company retiring pursuant to Article 94 of the Constitution of the Company. **(Resolution 2)**

*Mr Hadi Daryanto will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and Board Risk Committee respectively and will be considered independent for purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).*

Detailed information on Mr Hadi Daryanto as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST can be found on page 45 to page 48 of the annual report.

3. To note the retirement of Mr Ng Cher Yan, who is retiring pursuant to Article 94 of the Constitution of the Company and has decided not to offer himself for re-election at the AGM.

Mr Ng Cher Yan will, upon his retirement as a Director of the Company at the conclusion of this AGM, cease as the Chairman of the Audit Committee, and a member of the Nomination Committee, Remuneration Committee and Board Risk Committee of the Company respectively.

4. To note the retirement of Mr Sim Idrus Munandar, who is retiring pursuant to Article 94 of the Constitution of the Company and has decided not to offer himself for re-election at the AGM.

Mr Sim Idrus Munandar will, upon his retirement as a Director of the Company at the conclusion of this AGM, cease as the Chairman of the Nomination Committee and Board Risk Committee, and a member of the Audit Committee and Remuneration Committee of the Company respectively.

5. To approve the payment of Directors’ fees of S\$292,364 for the financial year ending 31 December 2024, payable quarterly in arrears. (FY2023: S\$264,238) **(Resolution 3)**

6. To rectify and approve the additional payment of Directors’ fees of S\$56,252 for the financial years ended 31 December 2022 (“**FY2022**”) and 31 December 2023 (“**FY2023**”).
[See Explanatory Note (i)] **(Resolution 4)**

7. To re-appoint BDO LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

8. To transact any other ordinary business which may properly be transacted at an AGM.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

9. Authority to allot and issue new shares

That pursuant to Section 161 of the Companies Act 1967 of Singapore (the “**Companies Act**”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Directors of the Company be authorised and empowered to:

- (a) (i) allot and issue shares in the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;

NOTICE OF ANNUAL GENERAL MEETING

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)]

(Resolution 6)

10. Authority to issue shares under the Samko Timber Performance Share Plan

That approval be and is hereby given to the Directors of the Company, pursuant to Section 161 of the Companies act 1967 of Singapore:

- (a) to offer and grant awards from time to time in accordance with the rules of the Samko Timber Performance Share Plan (the “**Plan**”);
- (b) to allot and issue from time to time such number of fully paid-up shares in the capital of the Company as may be required to be issued pursuant to the vesting of the awards under the Plan provided that the aggregate number of shares to be issued pursuant to the Plan and any other share incentive schemes of the Company, shall not exceed three per centum (3.0%) of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time; and
- (c) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

(Resolution 7)

By Order of the Board

Kiar Lee Noi
Secretary
Singapore, 11 April 2024

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) The amount approved at the AGM each held on 29 April 2022 and 29 April 2023 was insufficient due to administrative oversight of Directors' fees payable to the Independent and Non-Executive Directors, Mr Hadi Daryanto and Mr Ito Sumardi. The rectification of the Directors' fees is to meet the shortfall in the amount payable for FY2022 (i.e. S\$28,126) and FY2023 (i.e. S\$28,126).
- (ii) The Ordinary Resolution 6 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro-rata basis to shareholders.

For the purpose of determining the aggregate number of Shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for (i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards; and (ii) any subsequent bonus issue, consolidation or subdivision of Shares.

- (iii) The Ordinary Resolution 7 in item 10 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant awards in accordance with the rules of the Plan (which was approved at the extraordinary general meeting of the Company held on 27 April 2018) and to allot and issue from time to time such number of fully paid-up shares in the capital of the Company as may be required to be issued pursuant to the vesting of the awards under the Plan provided that the aggregate number of shares to be issued pursuant to the Plan and any other share incentive schemes of the Company, shall not exceed three per centum (3.0%) of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time.

Notes:

Format of Meeting

1. The members of the Company are invited to attend the AGM physically in person. There will be no option for members to participate the AGM virtually. This Notice of AGM, Proxy Form and Annual Report 2023 will be sent to members by electronic means via publication on the Company's corporate website at the URL <https://www.sampoernakayoe.co.id/investors/minutes-of-agm-egm/> and is also made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>. Printed copy of the Annual Report 2023 will be sent by post to members and the Notice of AGM will also be published in the print edition of the Business Times on 11 April 2024.

NOTICE OF ANNUAL GENERAL MEETING

Attendance at the AGM

2. Members, including Central Provident Fund Investment Scheme investors (“**CPF Investors**”) and Supplementary Retirement Scheme investors (“**SRS Investors**”) can attend the AGM in person.

Please bring along your NRIC/passport to enable the Company to verify your identity at the registration counter(s) outside the AGM venue on the day of the event. The Company reserves the right to refuse admittance to the AGM if the attendee’s identity cannot be verified accurately.

For investors who hold shares through relevant intermediaries (including CPF Investors/SRS investors) (as defined in Section 181 of the Companies Act 1967 of Singapore) (the “**Relevant Intermediaries**”), please refer to note 5 for the procedures to vote at the AGM.

Submission of Questions

3. Members (including CPF Investors and SRS Investors) who have questions in relation to any agenda items in this Notice of AGM can ask questions during the AGM physically or can submit their questions to the Company in advance (“**Advanced Questions**”), by 2.00 p.m. on 19 April 2024, through any of the following means:

- (a) by email to srs.teamE@boardroomlimited.com; or
- (b) by post, to be deposited with the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. (“**BCAS**”), at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

Members (including CPF Investors and SRS investors) must identify themselves when posting questions through email or mail by providing the following details for verification purposes:

- (i) full name;
- (ii) address;
- (iii) number of shares held; and
- (iv) the manner in which the member holds shares (e.g., via CDP, CPF, SRS and/or script).

To ensure that questions received by the Company within the stipulated deadline, members (including CPF Investors/SRS Investors) are strongly encouraged to submit questions via email.

The Company will endeavour to address all substantial and relevant Advanced Questions through announcement on the Company’s corporate website at the URL <https://www.sampoernakayoe.co.id/investors/minutes-of-agm-egm/> and on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> before 22 April 2024. This is to allow members to have sufficient time and opportunity to consider the Company’s response before the deadline for the submission of proxy forms.

Any subsequent clarifications sought, or follow up questions, or substantial and relevant questions received after the cut-off at 2.00 p.m. on 19 April 2024 will be consolidated and addressed either before the AGM via an announcement on SGXNet and the Company’s corporate website or at the AGM. Where there are substantially similar questions, the Company will consolidate such questions and consequently not all questions may be individually addressed.

NOTICE OF ANNUAL GENERAL MEETING

The Company will publish the minutes of the AGM, which will include responses from the Board and Management of the Company on the substantial and relevant questions received from Shareholders and Investors via an announcement on SGXNet and the Company's corporate website within one (1) month after the AGM.

Investors holding shares through Relevant Intermediaries (other than CPF Investors/SRS Investors) will not be able to submit questions relating to the business of the AGM via the above means. Instead, they should approach their Relevant Intermediaries as soon as possible in order for the Relevant Intermediaries to make the necessary arrangements for them to submit questions in advance of the AGM.

Voting at the AGM by Members and Proxy(ies)

4. Members will be able to vote at the AGM in person, or by appointing proxy(ies) to vote on their behalf. Duly completed proxy forms must be submitted to the Company in the following manner:
 - (a) if submitted by post, be deposited with the Company's Share Registrar, BCAS, at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07 Singapore 098632; or
 - (b) if submitted electronically, be sent via email to the Company's Share Registrar, BCAS, at srs.proxy@boardroomlimited.com,

in either case, must be lodged or received (as the case may be), by 2.00 p.m. on 24 April 2024, being forty-eight (48) hours before the time appointed for holding the AGM.

Please refer to the detailed instructions for appointment of proxy(ies) set out in the Proxy Form.

Voting at the AGM by Relevant Intermediaries (including CPF Investors/SRS Investors)

5. Investors holding shares through Relevant Intermediaries (other than CPF Investors/SRS Investors) who wish to appoint proxy(ies) should approach their Relevant Intermediaries as soon as possible to specify their voting instructions or make necessary arrangement to be appointed as proxy.

CPF Investors/SRS investors who wish to appoint the Chairman of the AGM as their proxy to vote at the AGM, they should approach their respective CPF Agent Banks or SRS Operators to submit their vote by 2.00 p.m. on 16 April 2024, being at least seven (7) working days before the AGM, in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the proxy(ies) to vote on their behalf. CPF Investors/SRS investors are requested to contact their respective CPF agent banks and/or SRS operators for any queries they may have with regard to the appointment of proxies for the AGM.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

“Personal data” has the same meaning ascribed to it in the Personal Data Protection Act 2012 of Singapore, which includes name, address, NRIC/passport number of a member and proxy(ies) and/or representative(s) of a member.

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, or submitting any question prior to the AGM in accordance with the Notice of AGM, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents, or service providers) for the purposes of (a) processing and administration and analysis by the Company (or its agents, or service providers) of Proxy Forms/instruments appointing proxy(ies) and/or representative(s) for the AGM of the Company (including any adjournment thereof); (b) addressing substantial and relevant questions received from members relating to the resolutions set out in the Notice of AGM before the AGM and if necessary, following up with the relevant members in relation to such questions; (c) preparation and compilation of the attendance lists, proxy lists, minutes (including questions and answers) and other documents relating to the AGM (including any adjournment thereof); and (d) in order for the Company (or its agents, or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities (collectively, the **“Purposes”**); (ii) warrants that where the warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents or, service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or, service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees to indemnify the Company in respect of any penalties, liabilities, claims, losses and damages as a result of the member’s breach of warranty.

Photographic, sound and/or video recordings at the AGM of the Company may be made by the Company for record keeping to ensure the accuracy of the minutes prepared of the AGM of the Company. Accordingly, the personal data of a member may be recorded by the Company (or its agents or service providers) for such Purposes. In the case of a member who is a Relevant Intermediary, by submitting the consolidated list of participants, such member represents and warrants that it has obtained the prior consent of the individuals for the collection, use and disclosure by the Company (or its agents or, service providers) of the personal data of such individuals by the Company (or its agents or, service providers) for any of the Purposes.

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SAMKO TIMBER LIMITED(Incorporated in the Republic of Singapore)
(Company Registration No. 200517815M)**IMPORTANT NOTES:**

1. A relevant intermediary may appoint more than two (2) proxies to attend the annual general meeting ("AGM") and vote (please see note 4 for the definition of "relevant intermediary").
2. For investor who holds shares under Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable), this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS Investor should contact their respective CPF Agent Banks/SRS Operators to submit their votes by 2.00 p.m. on 16 April 2024, being at least seven (7) working days before the AGM and if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies), the Member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 April 2024.
4. Please read the notes overleaf which contain instructions on, inter alia, the appointment of a proxy(ies) at the AGM.

**PROXY FORM
ANNUAL GENERAL MEETING**

*I/We, _____ (Name) _____ (NRIC No./Passport No./Company Registration No.)
of _____ (Address)
being a Member/Members of the Company, hereby appoint

Name:	NRIC/Passport Number:	Proportion of Shareholding	
		Number of Shares	%
Address:			

and/or (delete as appropriate)

Name:	NRIC/Passport Number:	Proportion of Shareholding	
		Number of Shares	%
Address:			

or failing the person, or either or both of the persons, referred to above, the Chairman of the AGM as my/our* proxy to vote for me/us* on my/our* behalf, at the AGM of the Company to be convened and held at Carlton Hotel Singapore, Empress Ballroom 1, Level 2, 76 Bras Basah Road, Singapore 189558 on **Friday, 26 April 2024, at 2.00 p.m.** and at any adjournment thereof.

I/We* direct my/our proxy/proxies* to vote for or against, or abstain from voting on, the Resolutions proposed at the AGM as indicated hereunder by way of poll. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, my/our* proxy/proxies* will vote for or against or abstain at his/her/their* discretion.

If you wish to exercise all your votes "For", "Against" or "Abstain", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

No.	Resolutions relating to:	Number of Votes		
		For	Against	Abstain
1.	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2023 together with the Independent Auditors' Report			
2.	Re-election of Mr Hadi Daryanto as a Director			
3.	Approval of Directors' fees amounting to S\$292,364 for the financial year ending 31 December 2024, payable quarterly in arrears			
4.	Approval of the additional payment of Directors' fees of S\$56,252 for the financial years ended 31 December 2022 and 31 December 2023			
5.	Re-appointment of BDO LLP as Auditors			
6.	Authority to allot and issue new shares			
7.	Authority to issue shares under the Samko Timber Performance Share Plan			

Dated this _____ day of April 2024

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: Please read notes on the reverse

Notes:

1. A Member of the Company should insert the total number of shares held. If the Member has shares entered against his/her/ its name in the Depository Register (as defined in Section 815F of the Securities and Futures Act 2001 of Singapore), he/she/ it should insert that number of shares. If the Member has shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of shares. If the Member has shares entered against his/her/its name in the Depository Register and shares registered in his/her/its name in the Register of Members, he/ she/it should insert the aggregate number of shares entered against his/her/its name in the Depository Register and registered in his/her/its name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the Member of the Company.
2. A Member who is not a relevant intermediary, is entitled to appoint not more than two (2) proxies. Where such Member's instrument appointing a proxy(ies) appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.
3. A Member who is a relevant intermediary, is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's instrument appointing a proxy(ies) appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. A member can appoint the Chairman of the meeting as his/her/its proxy but this is not mandatory. A proxy need not be a Member of the Company.
 5. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
 - (a) if submitted by post, be deposited with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd ("**BCAS**"), at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07 Singapore 098632; or
 - (b) if submitted electronically, be sent via email to the Company's Share Registrar, BCAS, at srs.proxy@boardroomlimited.com,

in either case, must be lodged or received (as the case may be), by 2.00 p.m. on 24 April 2024, being forty-eight (48) hours before the time appointed for holding the AGM.

Completion and return of the proxy form by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. In such event, the relevant proxy form will be deemed to be revoked and the Company reserves the right to refuse to admit any person or persons appointed under the proxy form to the AGM.

Members are strongly encouraged to submit completed proxy forms electronically via email.

6. The instrument appointing a proxy(ies) must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy(ies) is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which; the instrument may be treated as invalid.
7. The Company shall be entitled to reject the instrument appointing or treated as appointing a proxy(ies) if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing or treated as appointing a proxy(ies) (including any related attachment). In addition, in the case of Members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing or treated as appointing a proxy(ies) lodged if such Members, being the appointer, are not shown to have shares entered against their names in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) to attend and vote at the AGM of the Company and/or any adjournment thereof, the Member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 April 2024.



SAMKO TIMBER LIMITED

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